Public Utilities Commission State of California

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VICTOR CALVO, Commissioner

PRISCILLA C. GREW, Commissioner

DONALD VIAL, Commissioner

WILLIAM T. BAGLEY, Commissioner

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Public Utilities Commission

State of

California

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CONTENTS

LETTER OF TRANSMITTAL 1
THE COMMISSION 6
ENERGY 12
Issues and Programs 12
Cutting Fuel Costs 12
Public Participation in PUC Proceedings 13
Commission Awards Under PURPA 13
Broader Participation Opportunities 14
Consumer Access to Extra Billing Envelope Space 14
Limiting Utilities' Fuel Offset Filings 14
GEDA Program Lowers Gas Costs 15
Canadian Gas Costs Reduced 16
Pipeline Companies Invoke Market-Out Contract Clauses 16
Annual Operations Review and Least-Cost-First Gas Purchase Policy 17
Computer Model Estimates Fuel Costs 17
Implementation of Shut Bill (AB 2443) 17
Heating-Value Based Natural Gas Prices 18
Gas Meter Testing Program 18
Master Meter Conversion Program 18
Ten-Year Forecast of California's Natural Gas Supply 18
Changing Regulatory Problems 18
Utility Financing in a Recovering Economy 19
Shelf Registration Program 19
Nuclear Fuel Financing 19
Sale and Leaseback Transactions 19
Effect of Federal Tax Law Changes 19
Determining Rate of Return 20
PUC Decision Data Base 21
EDP Audits 21
General Rate Increases Granted 21
Rate Base Offset Proceedings 21
Cost Overruns and Construction Delays 22
Helms Pumped Storage Project 23
San Onofre Nuclear Generating Station 23
Diablo Canyon Nuclear Power Plant 25
Nuclear Power Plant Decommissioning Costs 25
Second Management Audit 25
Other Nuclear Issues 25
Commercial Operation Date 25
Spent Nuclear Fuel Recovery Costs 25
Conservation 26
Saving Gas and Electricity in 1982 26
Commercial-Industrial-Agricultural Audits 27
Zero and Low-Interest Residential Conservation Loans 27
Gas Furnace Pilot Light Turn-off Program 28
Conservation Voltage Regulation 28
Load Management 28
Solar Water Heating Demonstration Program 29
1982 Energy Savings 30
Energy Conservation Programs Provide Employment 30
Alternative Energy Generation Moves Forward 30
Order Instituting Rulemaking No. 2 (OIR-2) 30
Wind Farms 31
SDG&E's Heber Geothermal Plant 31
Southwest Powerlink 31
Devers-Mirage Transmission Line 31
The Geysers: Energy Development and Environmental Protection 32
Safety 32
PCB Incidents Threaten Public Safety 32
Natural Gas Incidents and PCB's 32
Natural Disasters' Effect on Utilities 32
Winter Storms 32
Coalinga Earthquake 33
TELECOMMUNICATIONS 34
AT&T Breakup 34
Protecting Consumer Interests 34
Preparing for an Uncertain Future 35
Future of Pacific Telephone's Managerial Effectiveness 35
Small Independent Telephone Companies 35
Telephone Sales Program 36
1A Key Equipment Sales Program 36
Utility Service Improvement 36
Effect of FCC Actions 36
User Funding of Regulation Expense 36
Services for the Handicapped 37
New Activity Areas 37
Cellular Radio 37
Fiber Optics 37
Major General Rate Cases 38
Pacific Telephone Company 38
General Telephone Company 38
Continental Telephone Company 38
Roseville Telephone Company 38
WATER 40
Water and Sewer Utilities Users Fee 41
Balancing Accounts 41
Customer Input in Proposed Capital Improvements 41
Water Management Committee 41
Small Utilities Rate Requests Simplified 42
Rate Increase Requests by Advice Letter 42
Attrition Allowance for Small Utilities 43
MOTOR CARRIERS OF PROPERTY 44
General Freight Reregulation 44
Regulating Motor Carriers Serving Foreign Commerce Vessels 44
Household Goods Transportation 44
Stronger Trucking Enforcement Legislation 45
Interstate Registration Program 45
Subhaulers Payment Agreements 45
Highway Carriers Rate Reduction Requests 45
Highway Carriers Rate Increase Requests 46
Minimum Rate Tariffs 8-A and 3-A 46
Unit Train Coal Operations 46
Passenger Transportation 46
Sightseeing Tour Buses Deregulation 46
Private Jitney Service Fails 46
Federal Bus Regulatory Reform Act 47
Los Angeles-Oxnard Commuter Train 47
High Speed Rail 47
Eureka May Lose Rail Service 47
Rail Safety 47
State and Federal Cooperative Efforts 47
Rail Transit Safety Responsibilities 47
ORGANIZATIONAL FUNCTIONS 48
STATISTICAL SECTION (Utilities) 54
STATISTICAL SECTION (Transportation) 60
APPENDIX 70

LETTER OF TRANSMITTAL

December 1, 1983

The Honorable George Deukmejian
Governor of California

In 1982–83, California energy ratepayers saw some relief from ever-increasing financial demands of recent years. Market forces moderated sharp increases in natural gas prices and lower interest rates reduced the cost of capital required by utilities. Abundant rainfall and lower world oil prices contributed to lowered rates for most electric customers.

These developments were offset, however, by actions over which we have little control. Among them:

- federal decontrol of natural gas that continued to push gas rates even higher.
- American Telephone and Telegraph Company (AT&T) divestiture and Federal Communications Commission (FCC) regulatory actions that continue to cause uncertainty in the telecommunications industry.
- federal deregulation of public transportation that threatens to seriously curtail or end rail and bus service in some small, rural California communities.

The Commission acted in each of these areas to lessen the financial impact on ratepayers and to assure the delivery of vital services to utility customers.

To stem increasing natural gas prices the Commission intervened in many proceedings before the Federal Energy Regulatory Commission (FERC), opposing rate increases sought by suppliers and pressing pipeline companies to reduce natural gas prices. In telecommunications, the Commission filed a series of legal actions in federal court, and appeared before Congress and the Federal Communications Commission (FCC) in connection with the impending breakup of the Bell System. To prevent further loss of rail and bus service in California due to federal transportation deregulation programs, we have testified on behalf of threatened communities in federal abandonment proceedings and are working with these communities to secure substitute transportation.

Internal operations of the Commission were also further improved during the past year. In addition to regularly-scheduled Commission meetings, special *en banc* hearings were held where Commissioners, sitting as a group in formal session, heard testimony in several controversial areas, such as:

- the implications of competition in the telecommunications industry as a result of impending AT&T divestiture.
- the convening of a negotiating conference to expedite alternative energy financing. These conferences included California PUC and Energy Commission (CEC) staff members, small energy producers and utility company representatives.
- developing programs to further open the regulatory process to increased participation by utility ratepayers.

PUBLIC PARTICIPATION IN COMMISSION PROCEEDINGS

Rising utility rates have been matched by increased ratepayer concern about matters before the Commission. Ratepayers are more insistent than ever in playing a greater role in the regulatory process. From a handful of such participants several years ago, the number has grown so that now thousands attend our public hearings to express their problems with utility service and propose actions they feel we should take to protect the public. With the help of economists and attorneys, these citizens have presented the Commission with additional facts and analyses, and have made significant contributions to the process.

One barrier to more effective public participation in our proceedings is the cost of employing attorneys and expert witnesses. Congress alleviated the situation in 1978 when it passed the Public Utility Regulatory Policy Act (PURPA). This act provides that utilities compensate public participants in some electric rate proceedings for their reasonable costs. In 1982–83, under PURPA, the Commission made two awards to Toward Utility Rate Normalization (TURN), a San Francisco-based consumer group. TURN was awarded $43,317.29 for its expert witness testimony and unique contributions in Pacific Gas and Electric Company's (PG&E) 1982 general rate case. This organization also received $48,656 for its work in a case involving Pacific Power and Light Company (PP&L).

On April 6, 1983, the Commission adopted new rules to include participant compensation in all Commission proceedings except transportation matters. These rules are designed to encourage thoughtful and creative participation, while discouraging frivolous action. In general, participants may be awarded the reasonable cost of representation, including attorney and expert witness fees if they can show a financial need for compensation and make an original contribution that is adopted in whole, or in part, by the Commission.

Payment is made by the utility which, in turn, is allowed to include the amount paid in its rates. Several utilities challenged our expanded participant-compensation rules in the California Supreme Court. We are, at present, vigorously defending these rules.

In April, the Commission ruled that Utility Consumer Action Network (UCAN), a San Diego consumer group, could solicit members and seek contributions through occasional inserts in San Diego Gas and Electric Company (SDG&E) billing envelopes. The proposal, adopted on an experimental basis, was developed by students and faculty affiliated with the University of San Diego Center for Public Interest Law. UCAN proposes to represent SDG&E ratepayers before the Commission and to provide these ratepayers with needed information. We are pleased that SDG&E management chose not to contest this decision. The utility is cooperating with UCAN and prospects are good for a successful experiment. Additional proposals of this type are pending before the Commission. Utilities involved are PG&E and Pacific Telephone and Telegraph Company (PT&T).

Pursuant to a new state law, the Commission appointed a Public Advisor to further increase public participation in its proceedings. The Public Advisor will inform individuals about procedures that will make it easier for them to participate. We feel that this effort represents a valuable extension of the Commission's public "outreach" effort. We are seeking modest expansion in the Public Advisor's staff in order to serve key population centers in California.

We also continued to emphasize PUC staff assistance to those desiring to participate in our proceedings. Staff attorneys assigned to each important utility rate proceeding last year helped a record number of public participants who wanted to be heard at public meetings and hearings. Also, the Commission's Consumer Affairs Office last year returned to ratepayers $767,662 that had been improperly collected by utilities.

TELECOMMUNICATIONS

An anti-trust settlement reached last year by AT&T and the U.S. Department of Justice required that PT&T and 21 other Bell operating companies be divested from the parent company as of January 1, 1984.

For nearly a century, the U.S. Telecommunications Industry was a regulated-monopoly. Its longevity was based on the belief that it was more efficient for one firm to provide service to the public than to have several competing firms. Under monopoly regulation, basic telephone rates have been kept at a level where almost every household could afford a telephone. Today, this "universally affordable" telephone service is in jeopardy because of the impending AT&T divestiture and actions by the FCC.

Under the court-approved AT&T reorganization plan, AT&T will operate on a competitive basis with other new and unregulated carriers. It will be free to enter other lines of business. The local Bell System companies will continue to be regulated, but will be required to give up all assets, personnel and other functions not directly related to local telephone service. They must also provide "equal access" to their system to all long-distance carriers. It also appears that regulatory action by the FCC has moved, and will probably continue to move the industry toward increased competition.

During the past year the fundamental restructuring of the industry to accomplish these changes continued. We are concerned about the impact of these changes on the ability of most people to afford telephone service. Competition in the industry may provide benefits to some ratepayers, but it would be tragic if it put local rates beyond many people's ability to pay. We want to assure that California customers receive the benefits of competition, but that they are still able to afford a telephone.

As details of the court-approved AT&T reorganization plan became known, we prepared extensive comments to the federal court presiding over the case. These comments were targeted at assuring divestiture safeguards that would leave PT&T financially sound. A most important Commission proposal that was adopted by the court allows PT&T to retain the profitable Yellow Pages advertising business. Pacific's retention of this business in the post-divestiture era will cut Californians' phone bills by $1.50 per month, per line. We are also resisting proposals in the reorganization plan that threaten to eliminate or severly hamper state control of telephone rates and services.

In April, 1983 we held special *en banc* hearings to help us identify and understand key telecommunications policy issues we faced. Over a three-day period, consumers, economists and executives from large and small telephone companies testified about the effects of future competition in the industry. These hearings resulted in a "procedural map" that will be used to guide Commission efforts to keep California in step with the changing telecommunications industry.

ELECTRIC UTILITIES

During Fiscal 1982–83, California utilities made progress in electrical energy conservation and alternative energy development by providing incentives to improve utility efficiency. Under Commission direction, all eight investor-owned utilities now offer their customers low or zero-interest financing to encourage cost-effective residential conservation. By the end of April 1983, the four largest utilities had made more than 480,000 loans to their customers. The companies also began implementing Direct Weatherization programs to make conservation measures available to low-income homeowners. We expect these programs to result in the weatherization of over 50,000 low-income homes in 1983.

In December, 1982 the Commission issued new rules on the purchase of energy generated by private energy producers. Power purchases in the past had been marked by inability of buyers and sellers of energy to agree on prices. The effect was to slow down production of energy during lengthy contract negotiations. The rules we adopted approve three short-term standard contracts to facilitate transactions between energy buyers and sellers. A previously-mentioned negotiating conference to achieve this purpose was instrumental in establishing a new, non-adversarial contracting approach, cutting months from our normal process. It may serve as an alternative model for handling other matters before the Commission.

In 1983, the Commission approved two proposals involving innovative energy-producing technologies. In March 1983, we approved a contract between PG&E and Aeroturbines, Inc. that provides for building 36 large-scale wind turbines in Solano County. In May 1983, we granted SDG&E up to $89 million for construction of a 44 megawatt (MW) binary geothermal plant in the Imperial Valley. Since they supply energy to California without using oil or gas, such projects are expected to yield important information about the potential of technologies used. Alternative energy development is now an integral part of the energy plans of all of California's major electric utilities. It is safe to say that there are few differences between utilities and the Commission about continuing the pursuit of alternative energy sources to reduce our dependence on oil and gas.

We made important changes in the procedures electric utilities use to recover their fuel expenses. These changes are designed to give electric utilities greater incentive to cut fuel costs and promote efficient operation. We also modified the scheduling of fuel cost recovery proceedings, streamlining the process and improving the accuracy of our forecasting techniques.

After many years of construction, California's electric utilities have nearly completed three major projects. San Onofre Nuclear Generating Stations 2 * and 3, near San Clemente, will provide 2,200 MW of additional capacity for Southern California customers at construction costs of $4.4 billion. The Helms Pumped Storage Project, located in the Sierra Nevada, east of Fresno, will generate an additional 350 MW of capacity for PG&E customers. It's construction cost was $740 million. Helms is

* SONGS 2 is fully on line

a large underground hydroelectric plant designed to generate high-value power during peak hours, when electricity demand is greatest. Water flows downhill from a lake at peak periods and is pumped back uphill during non-peak periods, using low-cost electricity. Helms is now scheduled for completion in late 1983. PG&E's Diablo Canyon Nuclear Generating Station, near San Luis Obispo, is designed to produce an additional 1,100 MW of capacity in each of its two units. The Diablo Canyon construction cost is in excess of $4 billion. The plant is still under review by the Nuclear Regulatory Commission.

Much controversy surrounds these projects. In each case, the cost of building the plant is more than was estimated. We will critically review the reasonableness of these project costs before approving rate increases to cover the costs of their ownership and operation. The review necessary to accomplish this will be a substantial undertaking given the size, cost and complexity of these projects.

NATURAL GAS

As we reported a year ago, the federal Natural Gas Policy Act (NGPA) of 1978 contains provisions that are forcing California's gas utilities to pay increasingly higher prices for natural gas. These increased natural gas purchase costs are passed on to consumers dollar-for-dollar. Ratepayers, therefore, are seeing sharp increases in their gas bills. In 1982–83 we spent much effort trying to halt these increases. At our urging, two major pipeline companies serving California reduced their gas costs by invoking contract clauses allowing them to reject high-priced gas from producers. Most natural gas used by California gas utilities comes from out-of-state. As of April 1, 1983, the cost of gas delivered by the Transwestern Pipeline Company was reduced by one percent. This reduction will lower the cost of gas to California ratepayers by $230 million annually. Our efforts also contributed to reductions in the cost of natural gas imported from Canada. In April 1983, the Canadian government reduced its price of $4.94 to $4.40 per million British Thermal Units (Btu). PG&E and SoCal gas customers were able to save approximately $135 million and $30 million respectively, on an annual basis. In July 1983, the Canadian government announced an even lower "incentive" price for natural gas purchases over a specified volume. This will mean additional savings for California gas customers.

Large, industrial utilities and industrial customers began to look to oil as their primary fuel as gas costs increased and world oil prices declined. If these customers had switched from gas to oil, their loss would have meant still higher natural gas rates for those unable to switch, since these customers would be forced to absorb the fixed costs of the utility system. Residential customers, in particular, would have been hard-hit by massive amounts of "fuel-switching." To prevent this, we designed rates that are sensitive to the fuel-switching problem and we regularly examine these special rates to make sure they are in keeping with market conditions.

TRANSPORTATION

California's transportation industry experienced great change in 1982–83. Because of federal transportation deregulation, existing forms of transportation were threatened with extinction, as new forms emerged. During the past year legislation was enacted (AB 3647) to make possible high-speed rail travel in California. The new law holds the Commission responsible for determining the need for any high-speed rail project.

Also during the past year the Federal Bus Regulatory Reform Act was enacted. This act makes it easier for intercity bus operators to abandon service to points the operators deem unprofitable. After passage of the measure, Greyhound Lines Inc., the state's major bus carrier, moved to abandon over 90 service points in the state.

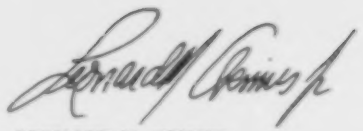
Greyhound's action threatened to leave many Californians living in small, rural communities without a viable transportation lifeline. The Commission rejected Greyhound's application because it failed to provide us with enough information to determine whether service to those points was, indeed, unprofitable. Greyhound is now seeking relief before the federal Interstate Commerce Commission (ICC). We are opposing Greyhound's petition in that proceeding.

Another area in which we continue to implement programs was in reregulating highway carriers. The Commission reregulation program began some years ago. In 1982–83 we reviewed minimum rate tariffs (MRT) for household goods, fresh produce, and livestock to determine whether the minimum rate system should be eliminated in favor of

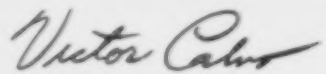
a system that would be replaced by rates set by carriers. We found that minimum rates were no longer needed for fresh produce, but have retained MRT for the other commodities, pending further study. We will review the minimum rate system again in 1983–84 to determine if it is in the public interest.

PROSPECTS FOR THE FUTURE

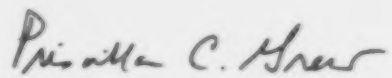
Every industry regulated by this Commission is going through significant change. The most dramatic example is the rapid transformation of the telecommunications industry. In the coming years, our success as a regulatory agency will depend on our ability to balance the needs of ratepayer and utility. This means that we will have to examine our institution and keep it responsive to changing times. With fuller public participation in the proceedings that shape our decisions, we believe that the PUC will continue to protect the interests of California ratepayers, while maintaining regulatory policies attractive to the state's utilities.



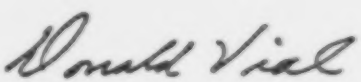
LEONARD M. GRIMES
President



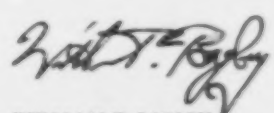
VICTOR CALVO
Commissioner



PRISCILLA C. GREW
Commissioner



DONALD VIAL
Commissioner



WILLIAM T. BAGLEY
Commissioner

THE COMMISSION

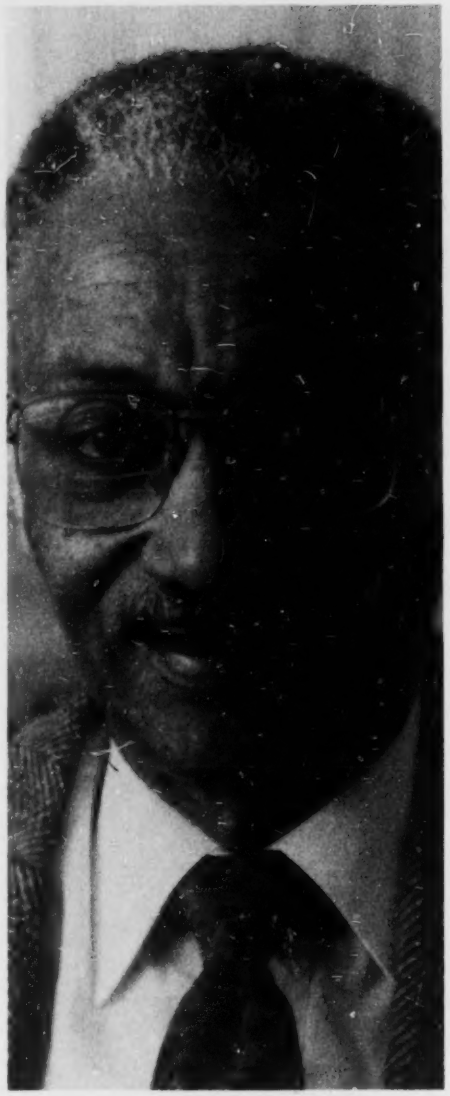
Commissioner Grimes was appointed to the PUC for a six-year term by Governor Edmund G. Brown, Jr. on January 26, 1979. In December 1982, he was elected Commission President for a one-year term.

Before his appointment to the PUC, Commissioner Grimes was the Secretary of the State and Consumer Services Agency, a state Cabinet post he held for two years.

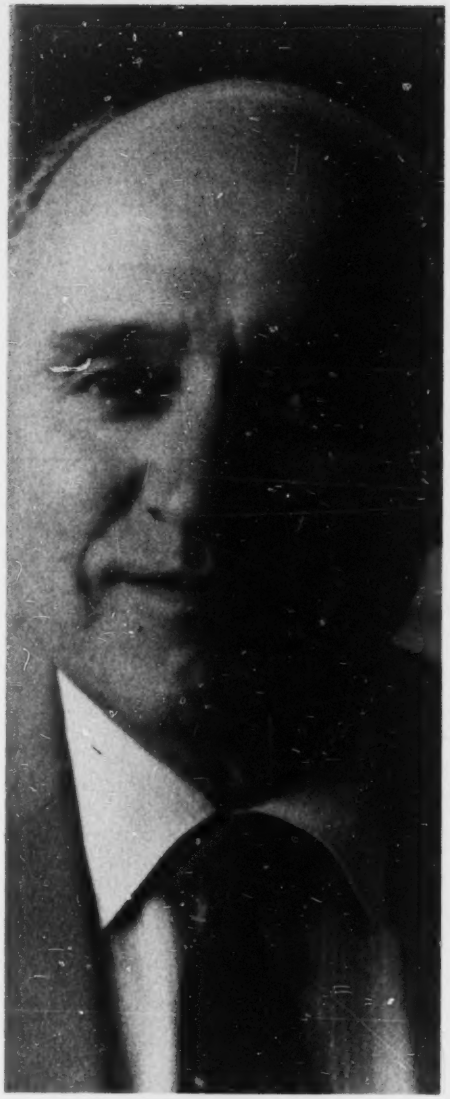
Prior to the Agency Secretary position, he was appointed Director of the State Department of General Services where he served from 1975 to 1977.

Commissioner Grimes was born in Los Angeles in 1923 where he lived until moving to Sacramento. He served in World War II in the Pacific, receiving an honorable discharge in 1946. He graduated from the University of Southern California with a BS degree in Business Administration in 1952, while working for Golden State Mutual Life Insurance Company, the largest Black-owned life insurance company in the Western United States. Before entering state service he was vice president of GSM.

His work with GSM ranged from public relations and advertising to business systems (including installation and management of the company's computer operations), purchasing, property management, general corporation administration and services. He was a member of and worked with many community organizations either as an officer or as an advisor. Commissioner Grimes is a registered Democrat.



LEONARD M. GRIMES
President



VICTOR CALVO
Commissioner

Victor Calvo was appointed to the Public Utilities Commission on February 19, 1981 for a six-year term by Governor Edmund G. Brown, Jr. He is a lifelong resident of Santa Clara County, educated in local public schools. He served as a combat pilot in World War II, and received a B.A. degree in Political Science from Stanford University.

Vic Calvo served the City of Mountain View for a total of 11 years—first, as a planning commissioner, then as a city councilmember, and later as Mayor. He then served for six years as Santa Clara County Supervisor and was also the Board's representative to the Bay Area Air Pollution Control District and the Executive Committee of the Association of Bay Area Governments. He also was chairman of the Urban County Division of the National Association of Counties.

Vic Calvo was elected to the Assembly November 5, 1974; reelected to a second term November 2, 1976 and a third term November 7, 1978. He represented the 21st Assembly District which includes northern Santa Clara County and a portion of southern San Mateo county.

After two years he was appointed Chairman, Assembly Resources, Land Use & Energy Committee. One of the major committees in the Assembly, this Committee deals with the vital issue of the state energy policy. He was also the first freshman assemblyman to be appointed to the Ways and Means Committee.

Vic successfully served in a diversity of legislative areas of interest—having over fifty measures signed into law. His major bills were in the area of business, energy, environment, social welfare, transportation and education.

His work outside of government includes general investments and sole ownership of a retail lumber and buiid-ing material yard. He also was recently elected to the Board of Directors of a local bank.

He is married to the former Nellie Quintero. They have five children: Suzanna, Victor, Peter, Theodore and Mary.

Dr. Priscilla C. Grew was appointed to the PUC on March 25, 1981 by Governor Edmund G. Brown, Jr. for a six-year term.

From 1977 to 1981, Dr. Grew was Director of the California Department of Conservation which regulates oil, gas and geothermal well operations and performs geothermal resources assessments in the state.

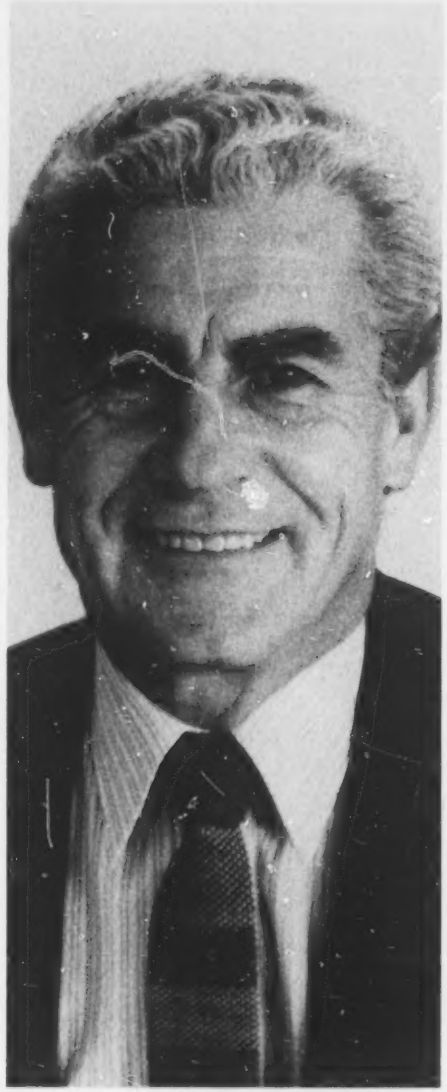
She chaired the State Geothermal Task Force in 1977–78 which formulated recommendations to accelerate geothermal development in California. Her experience in the geothermal energy field also includes service from 1972 to 1977 as a Consultant and Visiting Staff Member at the Los Alamos Scientific Laboratory, where she worked on geological aspects of the innovative hot dry rock technology.

PRISCILLA C. GREW
Commissioner

From 1971 to 1977, she was Assistant Research Geologist at the Institute of Geophysics and Planetary Physics at UCLA. Her research has included studies of metamorphic rocks, earthquakes, and coal resource development in the Colorado River Basin.

Dr. Grew received her Ph.D. in Geology from the University of California, Berkeley, and her B.A. in Geology from Bryn Mawr College. She has taught geology and environmental studies at Boston College, U.C. Davis, and UCLA.

Dr. Grew serves on the National Research Council Board on Mineral and Energy Resources and the National Advisory Committee to the U.S. Geological Survey.



DONALD VIAL
Commissioner

Commissioner Donald Vial was appointed to the PUC on December 21, 1982 by Governor Edmund G. Brown, Jr. to a six-year term.

Prior to his PUC appointment, Commissioner Vial served for 7 years as Director of Industrial Relations for the State of California, and member of the Governor's Cabinet.

Following military service in Europe during WWII, he returned to California to complete his education at the University of California, Berkeley. He received a BA degree in Political Science and a Masters degree in Economics.

Commissioner Vial held various positions, ranging from Labor Economist to Director of Research and Education in the 13 years he was employed with the California Labor Federation, AFL-CIO, and its predecessor, the California State Federation of Labor, AFL.

In 1964 he combined the fields of education and labor to become chairman of the Center for Labor Research and Education at the Institute of Industrial Relations on the Berkeley campus of the University of California, where he remained until 1975.

Commissioner Vial has enjoyed several gubernatorial and legislative appointments in the past, such as, chairperson of the Program Advisory Committee to the California State Office of Consumer Counsel, 1963–66; member of the Hospital and Related Facilities Planning Committee, 1965–67, and member of the Advisory Council on Public Employee Relations, 1972–73.

He has served on numerous Boards of Directors; the Industrial Relations Research Association, the Consumer Research F. undation, KQED, ACLU of No. California, and California Association of Consumers. He belongs to the American Federation of Teachers (inactive status) and is widely published in a number of labor related publications.

Commissioner Vial resides with his family in San Rafael.

William T. Bagley, appointed to the PUC on June 1, 1983 by Governor George Deukmejian, is also one of the Governor's appointees to the California Transportation Commission.

Commissioner Bagley's public service career began in 1960 when he was elected to the California State Assembly from Marin and Sonoma Counties, where he remained until 1974. Mr. Bagley was a member of the California Advisory Committee of the United States Commission on Civil Rights, and other federal and inter-governmental boards and committees. He was appointed by President Ford as the first Chairman of the Commodity Futures Trading Commission, 1975–1978. He was a San Francisco-based partner in the San Francisco, Los Angeles, Washington, D.C. law firm of Nossaman, Guthner, Knox, and Elliott when appointed to the PUC.

Mr. Bagley graduated from the Boalt Hall School of Law in 1952, where he served on the Board of Editors of the *California Law Review*. His undergraduate activities and studies were crowned by graduation from the University of California at Berkeley, Phi Beta Kappa and valedictorian of his class of 5,000. A member of the California, San Francisco, Marin, and American Bar Associations, he has been admitted to practice before the United States Supreme Court.

Commissioner Bagley has received numerous awards including Sigma Delta Chi "Freedom of Information" citations, "Legislator of the Year" by the California Trial Lawyers Association, "Most Effective Legislator" by the Capitol Press Corps and the "Golden Bear Award" from the California State Park and Recreation Commission for outstanding contributions to California beaches and parks.

Commissioner Bagley resides in San Rafael with his wife Diane. He is the father of 5 children.

WILLIAM T. BAGLEY
Commissioner

ENERGY

ISSUES AND PROGRAMS

In the energy field, the Commission last year held to the course that had been set by events of the previous year. Foremost was a federal natural gas decontrol policy that continued to push gas rates higher. This policy began with implementation of the Natural Gas Policy Act (NGPA) of 1978 which was inspired by gas shortages during the winters of 1976–77. To encourage new natural gas exploration, the NGPA provided for partial decontrol of natural gas prices, keeping controls on "old" gas discovered before NGPA took effect to soften the impact on utilities' customers. In theory, the price of "new" gas was to increase gradually to equal the price of oil until 1985, when controls will expire. However, the NGPA's immediate decontrol of gas from deep wells ("new gas") escalated natural gas prices until they exceeded the price of oil.

CUTTING FUEL COSTS

Commission action cutting fuel costs to stem excessive gas rates by pipeline companies continued last year at the federal level, mainly before the Federal Energy Regulatory Commission (FERC). Because the FERC regulates pipeline companies that transport gas between states—and roughly 90 percent of California's gas supply is from out-of-state—PUC interaction with FERC continued to be a high priority last year. The Commission represented California ratepayers at FERC natural gas proceedings and settlement conferences and in related court proceedings on interstate natural gas pipeline general rate increases. It also represented the state before the FERC on Pur-

chased Gas Adjustment (PGA) rate increase applications and on FERC rulemaking and certificate applications. During the year, these applications involved hundreds of millions of dollars in potential annual cost increases to California ratepayers.

Other Commission efforts to stem natural gas prices included:

- Altering fuel-offset procedures to lessen their effects on rate increases,
- Participating in negotiations with the Canadian Government to lower the price of Canadian natural gas exported by California utilities, and
- Urging pipeline companies to use gas purchase contract "escape clauses" to avoid high-cost purchase arrangements with producers.

Also, during fiscal 1982–83, high natural gas costs created a dilemma that commanded much of the Commission's attention. In California, natural gas sales to electric utility and industrial customers make up some 50 to 60 percent of all sales. Most of these customers can readily substitute oil for natural gas in their combustion process. Last year when the price of oil in local spot markets dropped below rates charged for natural gas, many customers switched —or threatened to switch—from gas to oil. If the electric utility and industrial markets shifted entirely to oil, the rest of the residential and commercial customers would suffer sharply-increased natural gas rates, because fixed operating costs would be spread over fewer sales.

To lessen these rate effects, the Commission moved to implement competitive oil—natural gas rates. It indexed natural gas rates to oil prices, or built gas rates with declining blocks to encourage the use of natural gas over oil. The PUC last year approved two new schedules for PG&E: "G-58" and "G-59". For SDG&E, the Commission approved a new declining block rate for large industrial users.

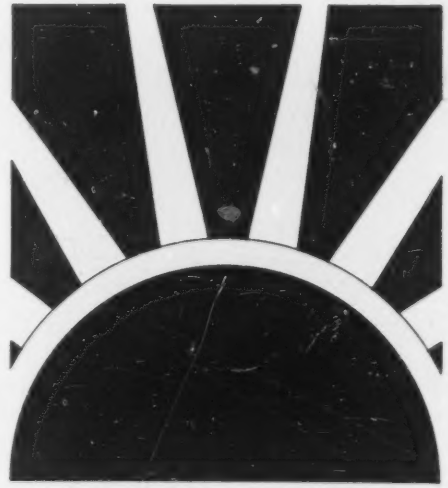
PUBLIC PARTICIPATION IN PUC PROCEEDINGS

Consumer anxiety over continued high natural gas rates was somewhat lessened by increased inexpensive hydroelectric power from record rainfall in Northern California. Some electric customers had lower rates, but higher gas rates continued to work a hardship on many Californians. Consequently, many members of the general public demanded to know about the PUC's role in the ratemaking process. The PUC responded by expanding past efforts to widen the public's voice in its proceedings. One example of its efforts was to assure compensation to responsibile intervenors in PUC proceedings under provisions of the federal Public Utilities Regulatory Policies Act (PURPA).

COMMISSION AWARDS UNDER PURPA

PURPA, passed by Congress in 1978, allows compensation to consumer groups participating in electric utility rate cases for attorney and witness fees and other expenses. These groups must first meet certain eligibility criteria and must then substantially contribute to the PUC's adoption of actions that promote PURPA objectives and standards. PURPA objectives include energy conservation, facilities improvement and equitable rates. There are eleven PURPA standards, including cost of service, seasonal rates and information to customers.

One of the first consumer groups to benefit from PURPA award provisions was Toward Utility Rate Normalization (TURN), a San Francisco-based group. In a 1981 proceedings, TURN convinced the Commission to adopt several of its rate design proposals. TURN's adopted proposals were to encourage conservation, facilitate customers' use of their entire lifeline allowance, and enable them to re-establish terminated service on the installment plan.



BROADER PARTICIPATION OPPORTUNITIES

The Commission last year widened opportunities for public participation in its proceedings by broadening the rules previously adopted under PURPA. Under the new rules an intervenor's financial hardship is determined annually to eliminate a proceeding-by-proceeding determination of a participant's financial position.

The new rules also require that participants make a substantial contribution to PUC proceedings. They must also isolate and substantiate their contribution and justify the amount of compensation they claim. Participants must address 12 factors when claiming compensation for their work in a proceeding.

Rules adopted by the Commission last year apply to all issues raised in proceedings after April, 1983. Therefore, issues raised in the PG&E and SDG&E general rate cases and all the Pacific Telephone issues raised after April 6, 1983 may be the subject of claims for compensation. Since the June, 1983 PUC decision, several utilities and one other interested party have applied for rehearings.

CONSUMER ACCESS TO EXTRA BILLING ENVELOPE SPACE

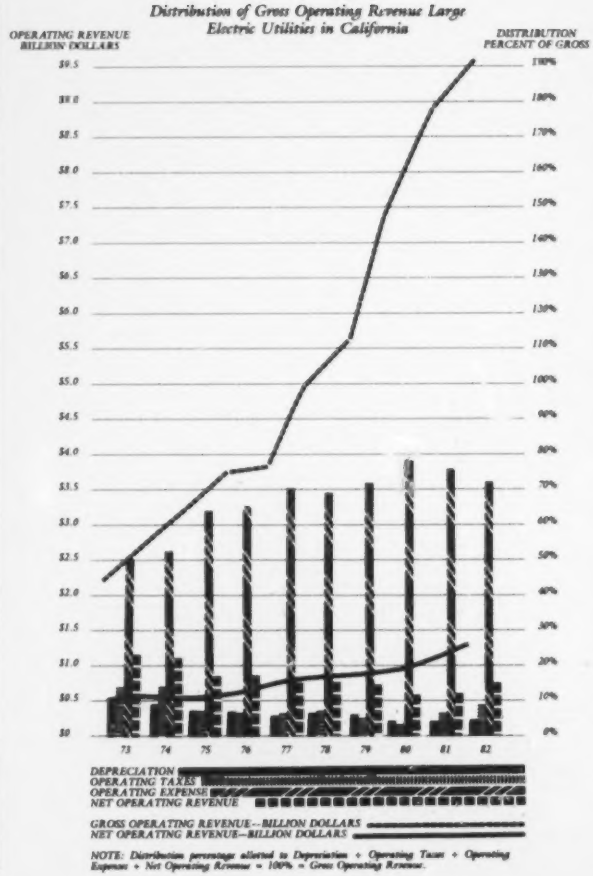
In 1982 the Commission ruled that ratepayers can use the extra space in utilities' monthly billing envelopes to promote consumer objectives, since they pay for the envelopes and for the postage. The Commission invited interested parties to file with the PUC a "proposed solution to the billing envelope 'extra space problem.' "* A group of San Diego Gas & Electric Co. ratepayers later filed a complaint, proposing that a local consumer group, Utility Consumer Action Network (UCAN), be given the extra space in SDG&E billing envelopes.

* "Extra space is defined as the space left in a billing envelope that will accomodate additional material without raising postage after the bill itself and any required legal notices are inserted.

UCAN's purpose was to provide the utility's residential and small business ratepayers with assistance and information about issues involving SDG&E and to hire a professional staff to represent customers' interests in PUC proceedings. The proposal stated that UCAN was to be voluntarily self-supporting. It declared that providing customers with representation would improve their understanding of the issues and broaden the record upon which the Commission bases its decisions.

The Commission held public hearings on the issue and later ruled that it was appropriate to allow the group access to SDG&E's billing envelope. The Commission order, allows UCAN access to the envelope's extra space for two years, four times a year with certain other restrictions. The consumer group can solicit funds and ratepayer members in order to hold an election of UCAN representatives. Once an election has been held, the group can insert informative printed material in the extra space.

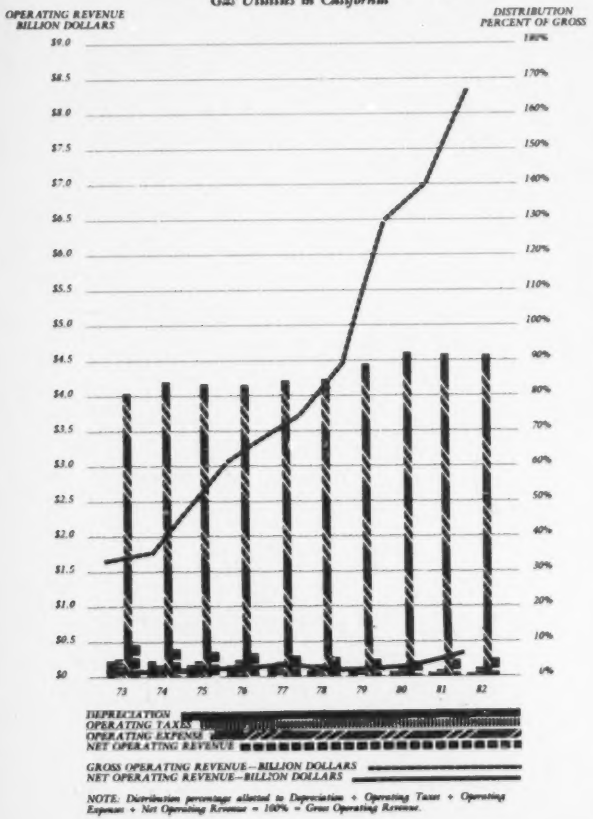
The Commission will monitor the UCAN experiment to determine if it achieves in practice the goals of providing residential and small business ratepayers increased opportunities to be heard during Commission proceedings. It is hoped that the program will also provide them better access to information about issues affecting SDG&E.



LIMITING UTILITIES' FUEL OFFSET FILINGS

During the year, the PUC granted only half the $734 million in rate increases requested by Southern California Gas Company (SoCal Gas). PG&E fared no better. In two gas cost offset rate increase applications last year, the utility requested $267.2 million and $252.7 million respectively. The Commission authorized $64 million of the first amount and $145.8 million of the second amount requested.

Distribution of Gross Operating Revenue Large Gas Utilities in California



The PUC moved to streamline its Energy Cost Adjustment Clause (ECAC) procedures by changing the number of filings allowed from 3 to 2 per year. The first will be timed to mesh with a PUC investigation of the reasonableness of the utility's fuel costs. The Commission will authorize a second filing only if the sum of the utility's estimated fuel cost increases and the undercollections in the ECAC balancing account exceeds a certain dollar amount. This constitutes a "trigger" mechanism, and a second ECAC filing can be made only if this trigger is activated. Under the PUC ruling, public evidentiary hearings must be held before rate changes based on ECAC proceedings are authorized.

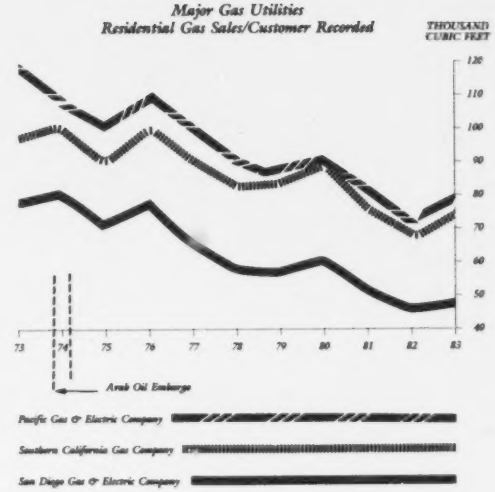
The Commission also set a schedule for its annual review of the reasonableness of a utility's fuel costs. This review resembles the PUC's "Rate Case Plan" inasmuch as each step is scheduled to occur on a specific day.

The change from three to two rate changes each year and the new annual reasonableness review schedule will increase the efficiency of the Commission's handling of these proceedings.

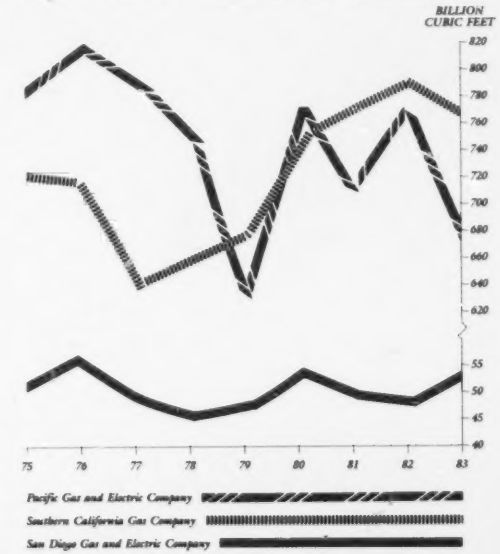
GEDA PROGRAM LOWERS GAS COSTS

The Commission has authorized utilities to put into rates expenses for Gas Exploration and Development (GEDA). The PUC established this adjustment over a decade ago and extended it for four years in 1981. The Commission last year continued careful monitoring of utility and interstate pipeline GEDA programs to assure prudent operation. An-

Major Gas Utilities
Residential Gas Sales/Customer Recorded



Major Gas Utilities Gas Sales Other Than Resale Recorded



nual GEDA status reports are required of utilities and are closely reviewed by the PUC staff.

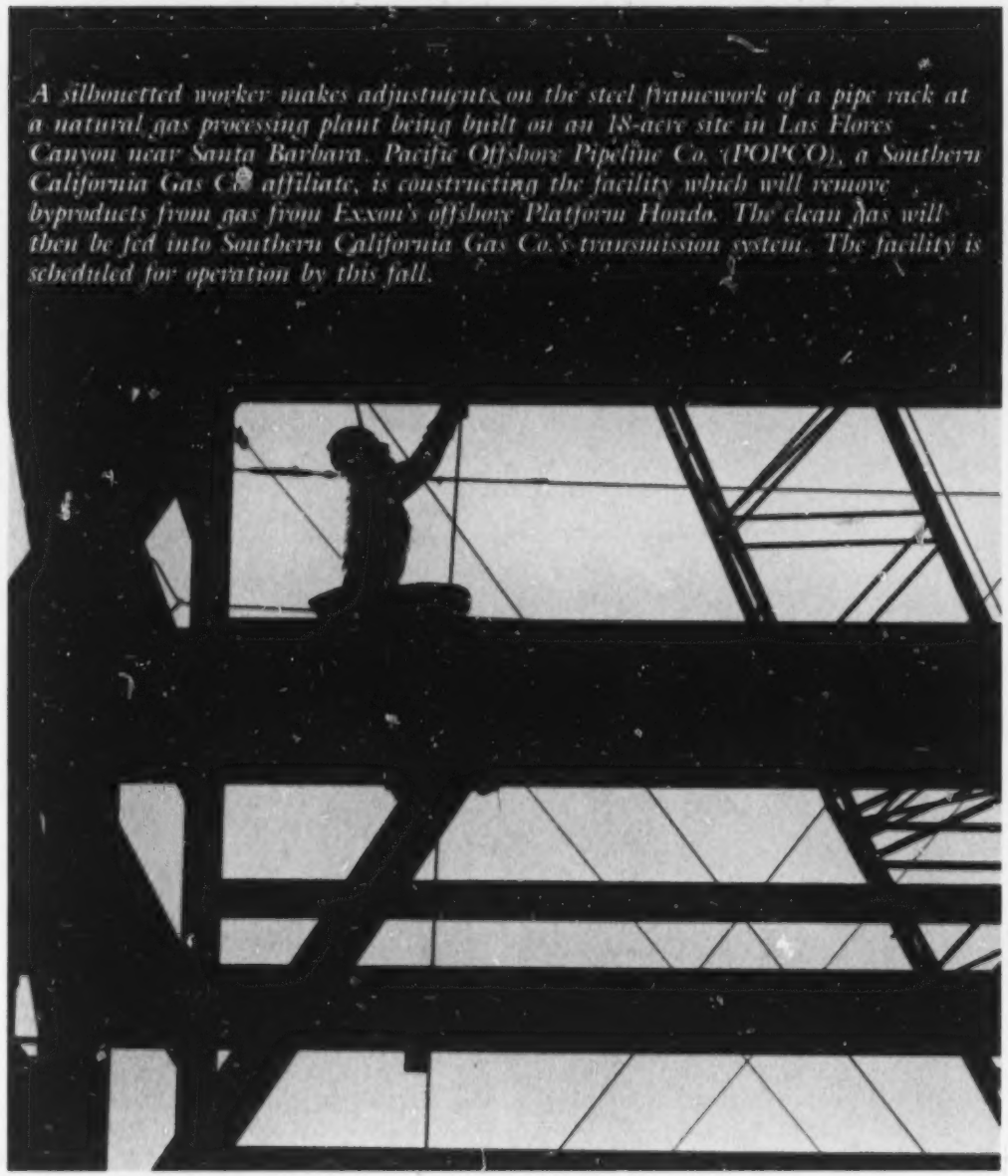
CANADIAN GAS COSTS REDUCED

Last year the Commission persuaded Canada to lower the price of natural gas imported by California utilities, and the size of deliveries ("takes"). Canada extended reduced-take agreements and curbed scheduled price increases. In April, 1983, the PUC, working with federal agencies, contributed to an agreement by the Canadian Government to reduce the uniform border price of natural gas exports to California from $4.94 to $4.40 per million British Thermal Units (MMBtu). This led to a $135 million cost reduction to PG&E and a $30 million annual reduction to SoCal Gas. Also, the Canadian Energy Minister presented a recommendation that led to a reduction in the export price of gas to $3.40 per MMBtu for purchase volumes over 50 percent of contract quantities.

PIPELINE COMPANIES INVOKE MARKET-OUT CONTRACT CLAUSES

During fiscal 1982–83, the PUC urged El Paso Natural Gas and Transwestern Pipeline Companies to invoke market-out clauses in their natural gas purchase contracts, permitting them to reject gas purchases when their high offered cost rendered the gas unsalable. As a result, Transwestern's gas cost was reduced by 9½ percent and El Paso's by one percent, as of April 1, 1983. This marked the first decline in their gas costs since passage of the Natural Gas Policy Act of 1978. It is estimated that this action by the two com-

A silhouetted worker makes adjustments on the steel framework of a pipe rack at a natural gas processing plant being built on an 18-acre site in Las Flores Canyon near Santa Barbara. Pacific Offshore Pipeline Co. (POPCO), a Southern California Gas Co. affiliate, is constructing the facility which will remove byproducts from gas from Exxon's offshore Platform Hondo. The clean gas will then be fed into Southern California Gas Co.'s transmission system. The facility is scheduled for operation by this fall.



panies will reduce gas costs to California ratepayers by $230 million annually.

ANNUAL OPERATIONS REVIEW AND LEAST-COST-FIRST GAS PURCHASE POLICY

The Commission last year continued to apply its least-cost-first gas purchase policy and its annual operations review to determine the prudence of utility gas costs. Under the least-cost rule, utilities must buy the cheapest gas first. SoCal Gas and PG&E applied this policy last year in buying discretionary natural gas supplies over and above amounts provided for in gas purchase contracts and service agreements.

COMPUTER MODEL ESTIMATES FUEL COSTS

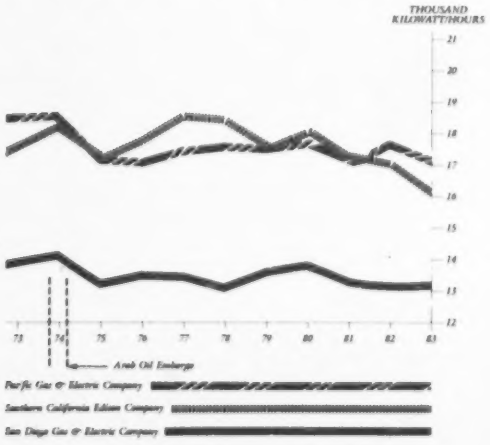
Following recommendations in a study of fuel practices described in the preceding PUC annual report, the Commission acquired an improved production cost simulation model to analyze fuel use in electric generation. The model was successfully tested with PG&E data. Compared with the Electric Utility Financial and Production Model (ELFIN), another PUC production cost model, the new model provides greater detail in simulating the dispatch of generating units and calculating a system's fossil fuel requirements to project the fuel component of rates.

IMPLEMENTATION OF SHER BILL (AB 2443)

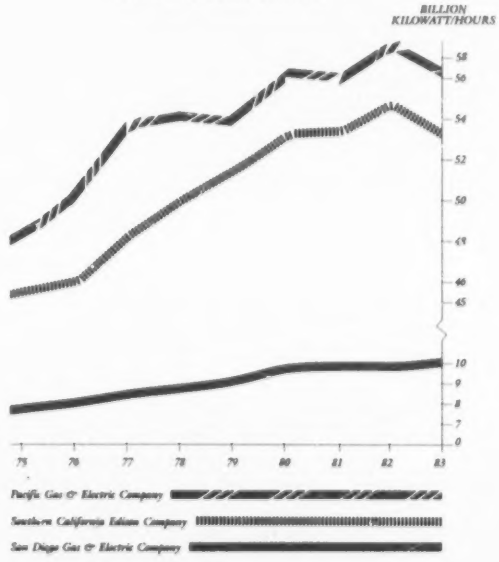
The Sher Bill amends Section 739 of the Public Utilities Code. Previously, the Code required the Commission to designate minimum energy needs as *lifeline* requirements and provide additional amounts for customers with medical requirements such as life support equipment.

The PUC now has to require electric and gas companies to file schedules of rates which provide for a *Baseline* quantity of energy which would cover a significant portion of the reasonable needs of the average residential customer. Residential bills will reflect the change after January, 1984.

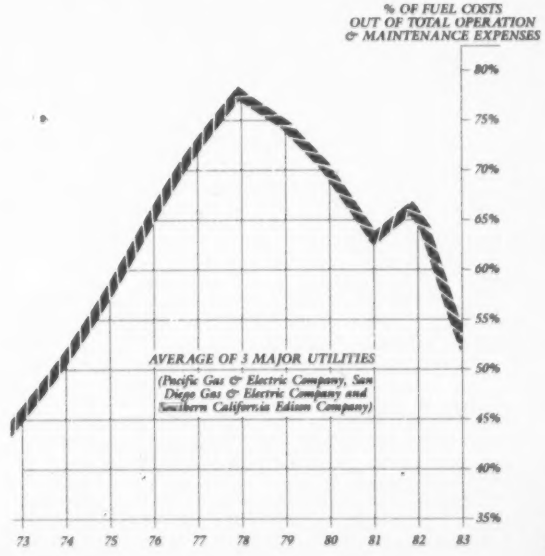
Major Electric Utilities Average Electric Sales/Customer Recorded



Major Electric Utilities Electricity Sales Other Than Resale Recorded



Fuel Cost as a Percentage of Total Operation and Maintenance Expense of Generating Electricity



A.B. 2443 clarifies and simplifies the billing and administration of the first rate block in the following manner:

- Baseline quantities will be set at 50% to 60% of average summer use and 60% to 70% of average winter use.
- Baseline rates will be set at 75% to 85% of the system average rate.

(Higher rates are permitted in order to maintain revenues or to prevent fuel switching by low priority customers.)

- End-use requirements, other than space heating or medical usage, are eliminated.
- Differentials in energy use by climate and season will be considered.

HEATING-VALUE BASED NATURAL GAS PRICES

Utilities last year refunded some $657,000 to customers for overbilling because of a mistake in assigning customer accounts to heating-value areas. The Commission has adopted improved procedures to prevent such errors from recurring. A Commission review shows that state-of-art equipment to measure heating value has improved since the PUC adopted General Order 58-B in 1956. The Commission is preparing a revised General Order that takes these technical advances into account. The revised order will make standard provisions for computer-directed chromatograph equipment.

GAS METER TESTING PROGRAM

The three largest California utilities reported savings of $12,788,000 during 1982 by implementing PUC-approved statistical meter removal programs that allow meters to stay in service as long as they are accurate. Previously, meters were changed every ten years.

Utilities last year backbilled $4.2 million to customers with slow meters and refunded $272,000 to customers with fast meters. Over 300,000 meters —4.41 percent of total meters in service at the end of the year—were tested.

MASTER METER CONVERSION PROGRAM

The Commission last year urged SDG&E and PG&E to propose $3 million in their general rate cases to convert master meters to submeters or utility meters. This "Master Meter Conversion Program" is designed to implement PUC policy mandated in the generic lifeline case. The incentive program consists of low-interest loans and conversion rebates for master meter conversions in multi-family facilities (apartments, mobile homes, etc.). Positive results of this program include controlled energy use by customers, improved customer service, separation of rental and energy charges on bills, and reduced energy consumption. SCE and SoCal Gas companies will propose similar meter conversion incentive programs in 1984.

TEN-YEAR FORECAST OF CALIFORNIA'S NATURAL GAS SUPPLY

In June 1983, the Commission staff published its fourth annual 10-year forecast of California's natural gas supply, requirements and costs. The report is based on daily and weekly gas utility fuel acquisition volumes and costs derived from daily utility reports. The forecast is prepared to inform the Commission, but it is also in demand by the academic community, the gas industry, private research and consulting firms, technical and general publications and government agencies throughout the U.S.

A related report to the Commission provides monthly analyses and forecasts for relevant economic, financial and energy price indicators.

CHANGING REGULATORY PROBLEMS

Unusual regulatory problems confronted the Commission last year. Because of changing public perception of nuclear and other energy sources, problems in building or retiring nuclear power plants consumed much of the Commission's energy. During the 1970's, utilities throughout the nation were authorized to begin alternative energy and nuclear projects to guarantee adequate energy resources. After the Three Mile Island mishap however, federal scrutiny of nuclear power plants intensified. At the same time, a glut of natural gas made importation and liquefaction of gas unnecessary. The Commission staff last year broke new ground in setting guidelines for the regulatory treatment of PG&E's Liquefied Natural Gas (LNG) project at Little Cojo Bay, near Santa Barbara. The PUC also adopted staff-recommended data that stopped PG&E from accumulating Allowance For Funds Used During Construction (AFUDC) for the utility's Humboldt Bay nuclear power plant. The financial calamity that caused the Washington Public Power Supply System (WPPSS) to abandon some nuclear generating stations affected California customers of Pacific Power

and Light Co. (PP&L) and presented an extraordinary challenge to the Commission. The dollar impact of the PG&E LNG and Humboldt Bay AFUDC and of PP&L's abandonment of a WPPS nuclear generator on PUC decisions last year was more than $363 million.

UTILITY FINANCING IN A RECOVERING ECONOMY

Last year's annual report cited the fierce competition among California utilities for capital, due to soaring interest rates and double-digit inflation. Lowered inflation and reduced rates tempered this competition. As utilities' construction projects neared completion, the need for external capital declined. The PUC, therefore, authorized the issuance of decreasing amounts of debt securities by means of negotiated public offerings. Last fiscal year PUC-authorized equity and debt securities totaled $2.96 billion, down by $2.79 billion from the previous year. Because of a steep decline in interest rates, the Commission urged California utilities to consider reacquiring their high coupon bonds issued during previous periods of raging inflation, and replacing them with new, lower-cost bonds. The resulting savings in interest costs will be passed on to ratepayers.

SHELF REGISTRATION PROGRAM

California Utilities last year continued to raise additional capital through the issue and sale of debt securities and common stock by participating in a "shelf registration" program. This is a new program adopted on an experimental basis by the federal Securities and Exchange Commission (SEC). It provides utilities with great financial flexibility, since after registration, the terms and conditions of proposed security issues may be changed to take advantage of current market conditions. This avoids the delay that would be caused by the need to further notify and get approval from the SEC.

A number of California utilities issue leveraged preferred stock which substantially increases the after-tax rate of return on the stock.

NUCLEAR FUEL FINANCING

California utilities continued last year to participate in nuclear fuel financing to acquire additional capital. They also engaged in pollution control financing to acquire and construct pollution control facilities.

Under the nuclear fuel financing mechanism, the fuel is sold to and, thereafter, leased from a subsidiary company. By owning the fuel, the subsidiary is able to issue commercial paper at more favorable interest rates than a utility would have to pay for alternate means of financing.

In order to acquire pollution control facilities, California utilities, along with city and state government pollution control authorities, enter into transactions for the construction of pollution control facilities. Interest rates on this kind of financing are much lower than on conventional financing, since interest received by investors is exempt from income taxes.

SALE AND LEASEBACK TRANSACTIONS

California utilities have increased their participation in sale and leaseback transactions to raise capital. This type of financing is particularly helpful to utilities that have trouble raising capital during periods of volatile interest rates. In sale and leaseback financing, an owner sells property to an investor, then signs a lease with the buyer to retain control of the property. This transaction enables the utility—the former owner—to receive cash for the property, which can be used for working capital and construction purposes. But as former owner, the utility must pay rent under a net lease, which requires it to bear all costs including maintenance and taxes associated with ownership. The sale and leaseback form of business has special appeal to a utility. The cost of the net lease can be cheaper than long-term borrowing, and it might relieve pressure from the need for debt and equity financing at a time when capital costs are at high levels.

EFFECT OF FEDERAL TAX LAW CHANGES

The passage of two federal tax acts last fiscal year affected the ratemaking treatment of federal income tax in California. They are the Tax Equity and Fiscal Responsibility Act (TEFRA) and the Surface Transportation Assistance Act (STAA) of 1982.

TEFRA changed the way interest capitalized during construction, and Investment Tax Credit (ITC) can be treated by utilities and the Commission in the rate-setting process.

STAA reduced the potential tax liability of Pacific Telephone, General Telephone and Southern California gas companies due to PUC decisions in 1974 and 1976 dealing with the method of normalization of tax benefits used for

ratemaking. A rider to the STAA resolved a long-standing tax dispute between the PUC and certain California utilities regarding ratemaking treatment of tax benefits derived from the use of accelerated depreciation and investment tax credits.

Along with conducting the PG&E, SoCal Gas, SDG&E and General Telephone Company general rate cases, the Commission established ratemaking income tax policy for ratebase offset proceedings in the San Onofre Nuclear Generating Station No. 2 (SONGS 2) and the Helms Pumped Storage Plant cases.

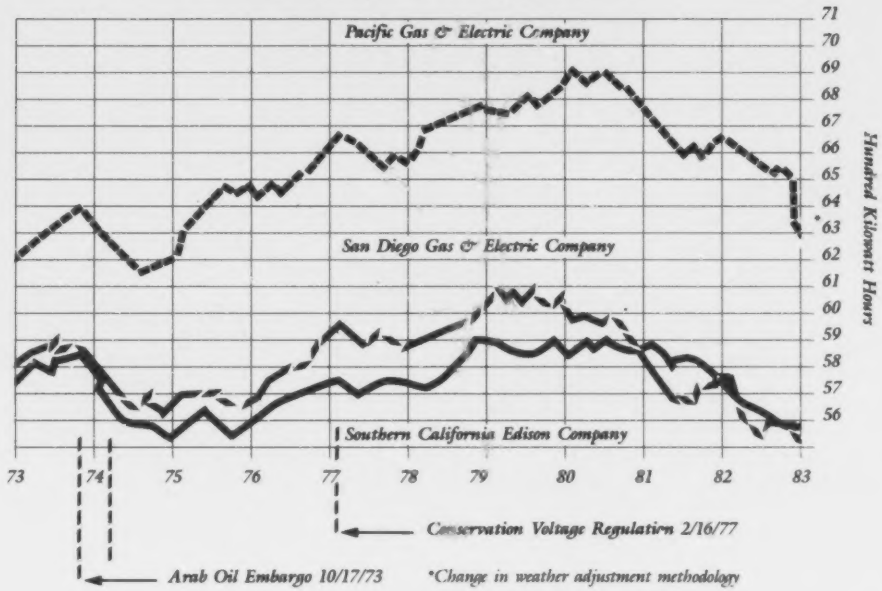
The Economic Recovery Act of 1981 also benefitted California utilities and their stockholders. It gave a tax advantage to utility shareholders who choose to reinvest stock dividends in additional shares of common stock rather than receive them in cash. The act provides that stock issued under its provisions will not be taxed as a dividend when received. Instead, stock is taxed on a capital gains basis if the shares are sold after one year. The utilities can use the proceeds from the plan to defer and/or reduce other types of financing. In sum, the past year provided the Commission new frontiers for exploring ratemaking treatment of changing income tax law.

DETERMINING RATE OF RETURN

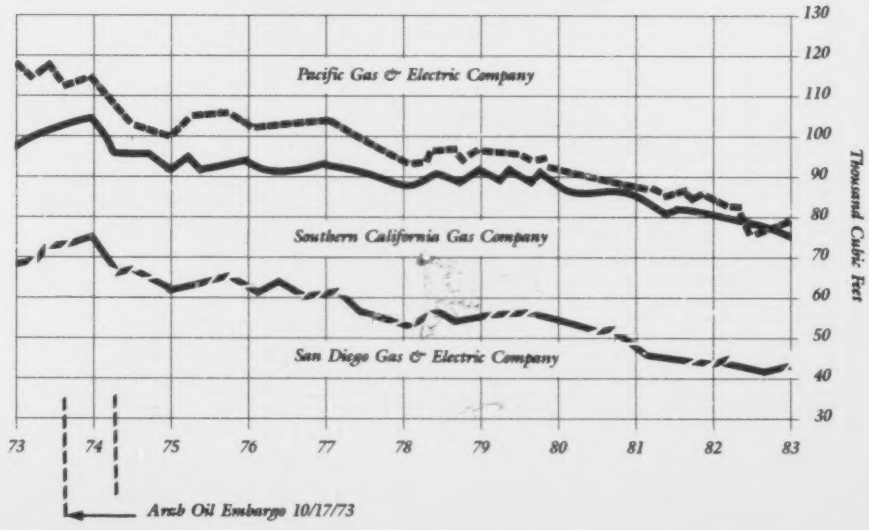
As inflation declined, record-high interest rates fell during the past fiscal year. Both lowered interest and declining inflation rates affected the fair and reasonable rates of return allowed for California utilities.

The PUC determines utilities' rates of return after analyzing staff recommen-

Residential Electricity Per Customer
Climatically Adjusted 12 Months Ended



Residential Gas Per Customer
Climatically Adjusted 12 Months Ended



dations based on several capital market-oriented models, including the Equity Risk Premium and the Discounted Cash Flow Models.

The Commission has adopted a policy that includes all financings undertaken by a utility after formal rate case hearing and before a final decision in the utilities' capital costs for rate of return purposes. The PUC also reviews changes in interest rates before determining the reasonable return on equity the utility will have an opportunity to earn. This policy recognizes the relationship between interest rates and investor-required equity returns.

Rate of return recommendations are made for two separate years, the test year and the year following. The second, or "attrition" year, gives the utility an opportunity to earn the authorized return on equity both years. This policy resulted in many California utilities earning rates of return in 1982 close to their authorized level. The investment community has recognized this by pricing most utility stocks at book value. This lessens dilution by avoiding the need to make new common stock issuances.

PUC DECISION DATA BASE

The Commission will soon finish an on-line computer information system to provide information about its decisions. The system includes information on a utility's rate request and related PUC decisions. Also to be included is the amount requested, return on rate base and equity, authorized amount, and rate of return for the test year and the attrition year. The data base will include the results of fuel offset proceedings as well as general rate cases. When the system is fully operational, access to information on rate changes will be more efficient and systematic.

EDP AUDITS

Using the Commission's Computer Audit Retrieval System (CARS) software package, the PUC's EDP Audit Unit last year found that Edison may have incorrectly coded eight percent of its 290,000 customers for lifeline space heating allowance. The unit selected a statistically determined random sample of customers from computer tapes containing all Edison electric space heating ratepayers. Edison and SoCal Gas field representatives either visited these customers' premises or used other methods to verify whether they used gas or electricity for space heating. An overall error rate was then estimated. As a result of this audit, Edison has improved its Customer Information System operations.

GENERAL RATE INCREASES GRANTED

Slowed inflation and lower interest rates last year resulted in lower authorized rate increases. The Commission processed nine major utility general rate applications. All phases of utility operation, including wages, materials, equipment, plant investment and return on investment are reviewed in a General Rate Increase proceeding. The two largest general rate increase requests processed last year were by Edison and SoCal Gas. Edison asked for an added annual revenue increase of $1,247.5 billion. It was granted an increase of $580.9 million. SoCal Gas requested an increase of $567 million. It was granted $220 million. Significant issues that developed from these cases, some of them affecting all California energy utilities, were the following:

Deferred Maintenance—Edison requested rates for deferred maintenance of its plant due to shortage of funds in previous years. It requested $30 million, to be granted in one year. The Commission disallowed the request on the ground Edison was negligent in asking for adequate amounts in previous years.

Five Percent Wage Increase—Both Edison and SoCal Gas were ordered to limit wage increases for non-union employees to encourage them to improve their productivity.

Three-Mile Island (TMI)—Edison is a member of the Edison Electric Institute (EEI). All EEI members agreed to contribute to the clean-up of TMI. Edison asked that its $.5 million contribution be passed on to California customers as a reasonable ratemaking expense. The PUC denied this request.

Allocation of Revenue and Operating Expense by Multi-state Utility—The Commission adopted a "relative use" method of determining how PP&L's California portion of the utility's revenue and operating expense would be allocated. (PP&L operates in Oregon, Washington, Wyoming, Idaho and California).

RATE BASE OFFSET PROCEEDINGS

In setting rates in a general rate increase proceeding, the PUC allows utilities to include in the rate base plant additions to be put into service, those that are used, and those that are useful. But in a "rate base offset proceeding"

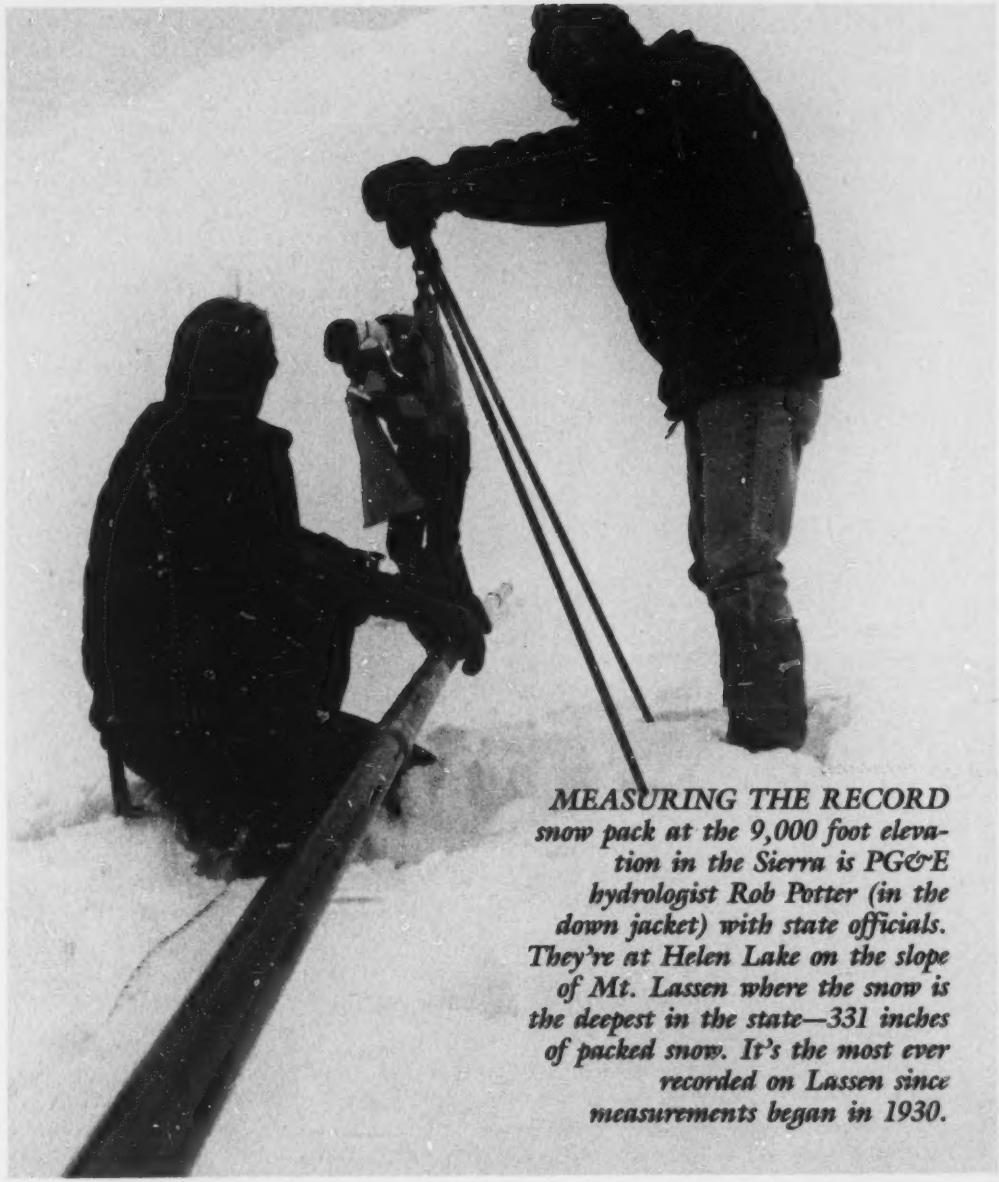
utilities are allowed to file a separate application.

The Commission last year considered four rate base offset proceedings filed by three California utilities: PG&E's Kerckhoff and Helms Pumped Storage hydroelectric; Diablo Canyon Nuclear projects; Edison and SDG&E's SONGS 2 and 3 projects. Project costs are $884 million for Helms; $4.2 billion for SONGS 2 and 3; $3.7 billion for Diablo Canyon and $147.1 million for Kerckhoff. The dollars involved in most of these projects exceed any single item considered previously by the PUC for inclusion in rate base.

The purpose of offset proceedings is to put these plants into rate base once they are commercial, while seeing that costs due to managerial imprudence are not passed on to the ratepayer.

COST OVER-RUNS AND CONSTRUCTION DELAYS

A major ratemaking problem occurs when the projected completion costs for construction projects far exceeds the utilities' estimates in the initial certification proceedings. Another problem involves extensive schedule delays. Some of the cost over runs and schedule delays are due to causes beyond the utilities' control. However, the Commission must determine which cost over runs if any, were avoidable and which, if any, were due to imprudent actions by utility management.

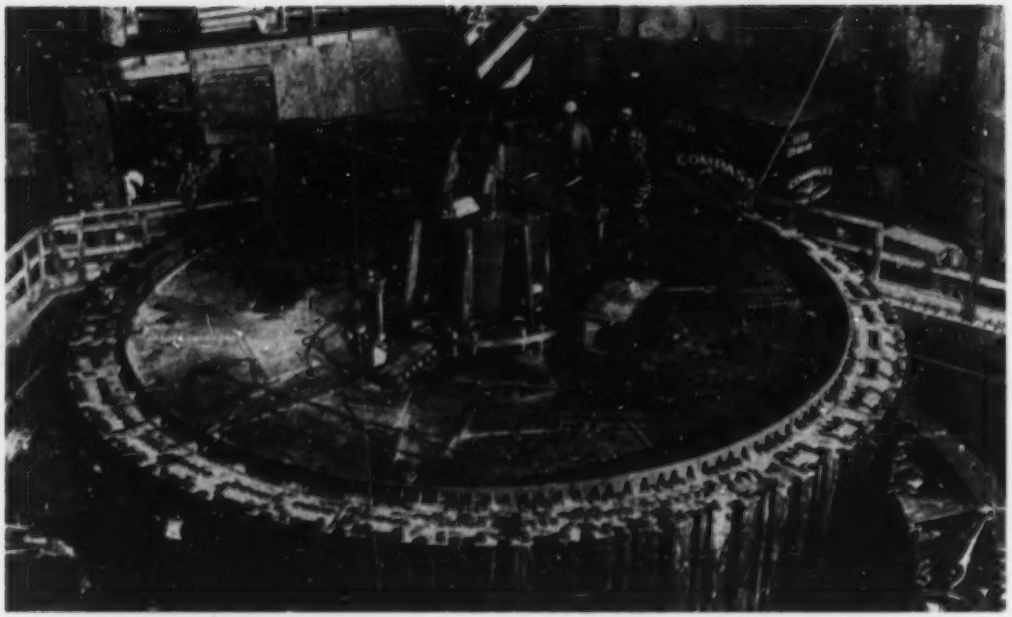


***MEASURING THE RECORD** snow pack at the 9,000 foot elevation in the Sierra is PG&E hydrologist Rob Potter (in the down jacket) with state officials. They're at Helen Lake on the slope of Mt. Lassen where the snow is the deepest in the state—331 inches of packed snow. It's the most ever recorded on Lassen since measurements began in 1930.*

HELMS PUMPED STORAGE PROJECT

The Helms Pumped Storage Project is an underground hydroelectric project located east of the City of Fresno. Its purpose is to generate hydro power during peak periods, then pump the water back up hill during off-peak times. Last year's annual report indicated that Helms would begin commercial operation by the end of 1982. On September 29, 1982, approximately two months before the completion of the project, a 140-foot pipe connecting two underground tunnels ruptured, spilling 1½ billion gallons of water. This accident extensively damaged the site and delayed completion by six months. The accident generated additional costs of approximately $150 million and PG&E started litigation to recover this sum. The Commission is excluding these costs from PG&E's rate base until litigation is completed.

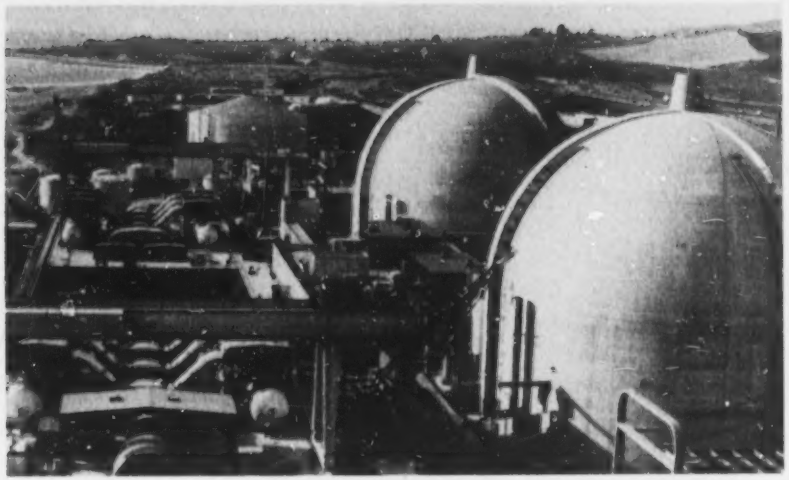
In July 1982, the Commission contracted with three construction management consultants whose mission was to prepare a report and advise the PUC about management prudency and technical decisions made by PG&E and the contractor on the Helms project. They completed their report in March, 1983. Hearings on the prudency issues and the utility's application for a rate increase to offset Helms' costs began last year.



CONVERTING WATER POWER TO ELECTRICITY—This partially assembled rotor, set in place last December, is part of the generator at Pacific Gas and Electric Company's Kerckhoff 2 powerhouse near Fresno. Kerckhoff 2 can generate 140,000 kilowatts and is the largest single-unit hydroelectric plant on PG&E's system. The unit in this photo weighs 245 tons and is about 25 feet across.

SAN ONOFRE NUCLEAR GENERATING STATION

In 1970 the PUC authorized Edison to build and operate two 1,100 MW nuclear power plants. Construction costs were initially estimated at $436 million, with operational dates of June 1975 and June 1976, respectively. By 1973, estimated costs had jumped to $1.3 billion and the building timetable had lengthened considerably. Construction began in 1974. Edison is expected to place SONGS 2 into full commercial operation in mid to late-1983, after more than 13 years of planning, construction and testing. A twin unit on the same site, SONGS 3, is scheduled to begin commercial operation in late 1983.



SAN ONOFRE NUCLEAR GENERATING STATION is located in Southern California along the Pacific coast midway between Los Angeles and San Diego. San Onofre Unit 1 (in background), which has been in operation since 1968, is rated at 450 megawatts. Units 2 and 3, scheduled for operation in 1983, are each rated at 1100 megawatts. Southern California Edison Company is operator and majority owner of the San Onofre facility.

From Southern California Edison Company

These units have the potential to produce substantial operational savings because of low fuel costs. However, this potential is lessened by high capitalized cost—about $3.7 billion—and uncertain performance levels. This uncertainty makes it hard to forecast fuel cost savings.

During the past fiscal year Edison filed application to begin collecting from ratepayers its investment in SONGS 2. To determine who should pay for such investments, the PUC conducted a review of how existing economic regulation allocated costs due to problems in resource planning and deployment.

The Commission concluded that prevailing economic regulation allocated costs due to such problems to the ratepayers, and that this allocation method gave utility stockholders and managers little incentive to mitigate these problems. The Commission approved a staff-recommended ratemaking policy that places Edison at risk for costs associated with utilities' failure to achieve announced expected levels of performance of base-load plants. In the future, Edison will absorb in its earnings any lost fuel savings that will result if SONGS 2 fails to achieve the 65 percent capacity factor estimated by Edison.

Edison and SDG&E have filed applications with the Commission to increase rates to recover the cost of owning and operating SONGS 2. We expect similar applications for SONGS 3 in the near future. The Commission has to critically review and evaluate the reasonableness of all costs incurred on the project to determine what costs may properly be passed on to California ratepayers.

Management consultants O'Brien-Kreitzberg & Associates, commissioned by the PUC, last year, completed a critical study of the management and construction of SONGS 2 and 3. According to the study, the overall performance of Edison has been "average" to "above average" compared to other nuclear power plants and heavy construction projects. There were, however, certain areas where the utility's performance was questionable. These areas will be studied further in Phase II of the study.

DIABLO CANYON NUCLEAR POWER PLANT

In decisions made in November and March 1969, the PUC authorized PG&E to construct Diablo Canyon units I and II. PG&E's original estimates for the completion of these units were $162,270,000 and $157,400,000, respectively. Unit I was to begin operation in the spring of 1972 and Unit II was to begin operation in the summer of 1974. The cost of building the two units is now estimated at $3.7 billion, with the operational dates unknown. The federal Nuclear Regulatory Commission (NRC) is reviewing the plants' design and facilities are being modified to comply with NRC seismic and other regulations. PG&E filed an amended application for authority to implement a rate base offset procedure with the Commission. If granted, this would enable the utility to increase electric base rates to reflect the cost of owning and operating Diablo. In March 1983, the Commission formed a staff team to investigate the reasonableness of costs incurred at Diablo.

NUCLEAR POWER PLANT DECOMMISSIONING COSTS

Previously, utilities could recover the costs of retiring defunct nuclear reactors over the life of the project as a negative salvage component of depreciation. Under the old system of financing plant retirement costs, the accumulated reserve allowed the companies to use the revenues during plant operation, thereby reducing the need for additional external financing.

Respondents in the PUC's generic investigation into alternative methods of financing the costs of decommissioning nuclear generating facilities are the regulated California electric utilities that operate or are building nuclear power plants. They are PG&E, Edison and SDG&E.

An interim PUC order last year, OII 86, requires external management of the decommissioning fund by a third-party trustee. In assessing the various alternatives, the Commission weighed four criteria: assurance, cost, flexibility, and equity.

OII 86 remains open, and the respondents were ordered to file proposed accounting and procedural details in order to implement the externally funded reserve. A prehearing conference is scheduled for August 4, 1983.

SECOND MANAGEMENT AUDIT

The consulting firm selected by the Commission to do a management audit of SDG&E withdrew due to a perceived conflict of interest. The Commission replaced the firm with Ernst & Whinney. This audit is to start in July 1983 and be completed in early 1984. The first management audit of PG&E was completed in 1980. Savings from that audit will be reflected in PG&E'S estimated operational expenses for its current general rate application.

Other Nuclear Issues

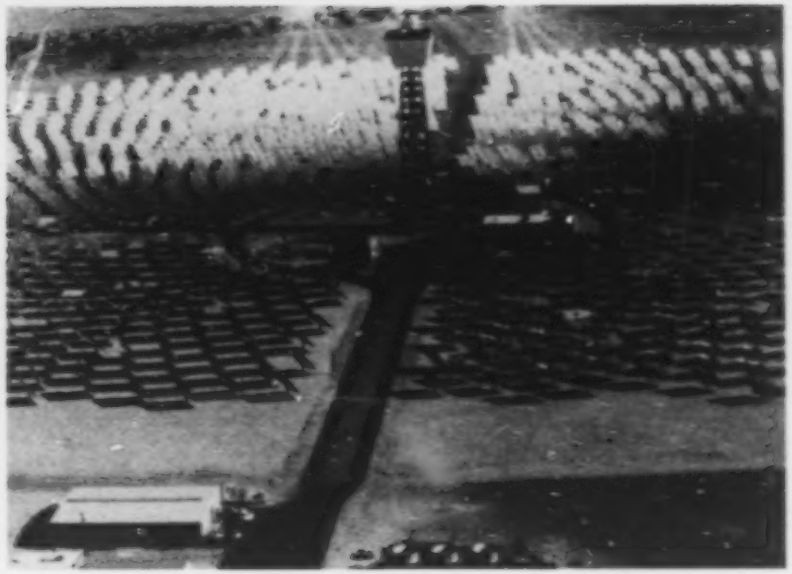
COMMERCIAL OPERATION DATE

An early issue that was decided in the SONGS 2 proceeding was the definition of the commercial operation date (COD). The COD represents the point where the investment in a construction project is transferred from Construction Work in Progress (CWIP) to Plant-in-Service (PIS). While the subject of COD has not been an issue in the past, the magnitude of this transfer for a major nuclear power plant can represent a 30 percent increase in rate base.

On July 22, 1982, the Commission issued a Minute Order ratifying the Administrative Law Judge's ruling that the staff-recommended criteria should be adopted. Those criteria specified that all the start-up tests and warranty run must be completed for the COD.

SPENT NUCLEAR FUEL RECOVERY COSTS

The subject of spent nuclear fuel and recovery of its disposal cost was recently addressed by the Commission in Edison's general rate case (A.61138). In a December 1982 decision, the PUC recognized a cost associated with the ultimate disposition of spent nuclear fuel and developed a procedure for its recovery. After the Commission's decision, President Reagan signed into law the "Nuclear Waste Policy Act of 1982" on January 10, 1983. In brief, this law provides a vehicle for owners of nuclear power plants to transfer the spent nuclear fuel to the federal government for a fixed fee.



NEW TEST FOR "SOLAR ONE"—World's largest solar thermal electric power plant is undergoing new demonstration tests during longer sunshine hours of summer on the Mojave desert, near Daggett, California. The 10-megawatt facility began a five-year testing and demonstration phase in April 1982, utilizing 1,818 heliostats (mirrors) focusing the sun's heat on a receiver/boiler atop a 300-foot tower. The plant is a joint project of the U.S. Department of Energy, Southern California Edison Company and the Los Angeles Department of Water and Power. (June 1983)

CONSERVATION: SAVING GAS AND ELECTRICITY IN 1982

The goal of the Commission's conservation effort is to encourage efficient, cost-effective conservation as an alternative to developing new supplies of natural gas and electricity. Consequently, Commission staff monitors and evaluates utilities' energy conservation programs.

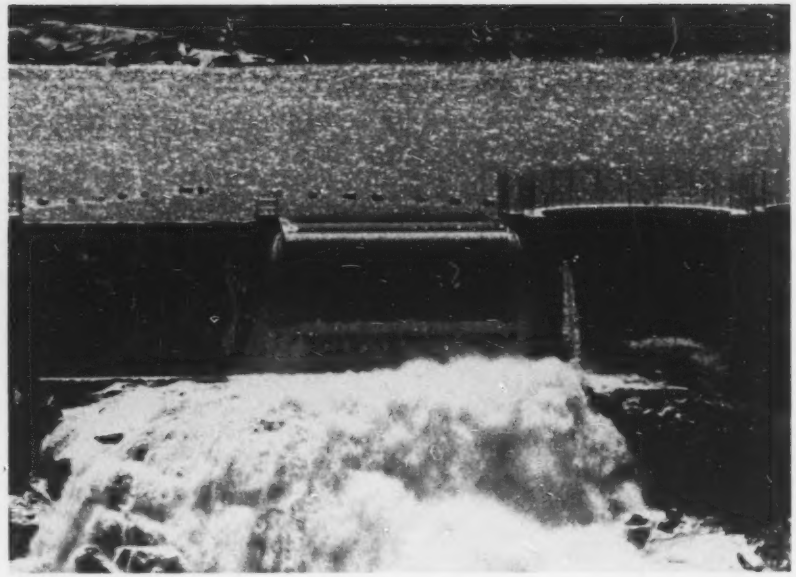
These programs began in the mid-1970's and now offer California ratepayers many opportunities to conserve.

Originally, investor-owned California energy utilities conducted residential energy audits and provided conservation awareness information. Low and zero interest financing of conservation measures helped to expand the conservation programs. In response to the Commission mandate that utilities make vigorous efforts to efficiently use existing energy supply sources, more than 1.7 million residences were retrofitted with attic insulation by the end of 1982. During the same period, utilities conducted more than 350,000 commercial-industrial energy audits and over 6,000 agricultural energy audits.

California utilities also moved to promote alternative energy programs such as solar water heating. More than 81,000 Californians installed solar water heating systems through 1982 as a result of the Commission's 1980–83 Demonstration Solar Financing Program.

Commission staff worked with the utilities to solve problems in the start-up of low and zero interest loan programs, and:

- Assisted ratepayers in the resolution of problems experienced as participants in new conservation programs.
- Investigated innovative solar energy systems and approved their eligibility for the demonstration program.
- Organized a weatherization product safety committee with members from the Commission, the State Fire Marshall's office and the Contractor's State License Board to approve safe weatherization products for inclusion in utility conservation programs.



SNOW MELT—Water from melted snow pours over the top of Southern California Edison's multiple-arch dam at Florence Lake in the Western Sierra.

COMMERCIAL-INDUSTRIAL-AGRICULTURAL AUDITS

California's industries are major users of natural gas and electricity. These classes comprise only ten percent of all utility customers, yet consume more than half of all the energy sold by utilities. Commercial-Industrial-Agricultural energy use audits were offered to 338,000 California businesses in 1982. By the end of 1982, the Commercial-Industrial-Agricultural audits and incentive programs saved about 5.5 billion kilowatt hours (kWh) of electricity and 445 million therms of natural gas. This reduction is equivalent to saving 16.22 million barrels of oil.

Most California electric utilities offered incentives in 1982 because nonresidential customers needed extra encouragement to meet the Commission's goal of 20 percent overall energy conservation by 1986. At the end of 1982, Commission staff estimated that about 12 percent of the overall energy conservation had occurred in the Commercial-Industrial-Agricultural sector.

ZERO AND LOW INTEREST RESIDENTIAL CONSERVATION LOANS

All eight investor-owned utilities offered customers low (eight percent) or zero interest loans in 1982. Utility financing for the purchase and installation of energy conservation devices expanded significantly during fiscal year 1982–83. By the end of April 1983, California's four largest utilities had made more than 480,000 loans to customers with a total dollar value in excess of $300 million. The PG&E Zero Interest Program (ZIP) had financed more than 60,000 loans for the "Big Six" conservation measures. The "Big Six" are: attic insulation, caulking, duct—wrap, weatherstripping, low—flow shower heads and water heater blankets. Six other measures are eligible for the ZIP loans if recommended by a Residential Conservation Service audit.

SoCal Gas continued its eight percent loan program in fiscal 1982–83 and had financed about 230,000 loans by May 1982. The company also expanded its conservation measure rebate program in 1982. This program was instantly popular with customers and 32,000 rebates were granted through May

1983. SCE's Residential Conservation Financing Program was authorized by the Commission in December 1982. SCE began to offer conservation measure financing to all its customers. This type of program had previously been limited to a test area in the utility's eastern desert service territory. SDG&E continued its low interest loan program offering 11,000 loans to customers in 1982.

Each of the four largest utilities began Direct Weatherization Programs for low-income homeowners in 1982. More than 50,000 low-income residences are expected to be weatherized under such programs in 1983. Direct Weatherization Programs were authorized by the Commission to make conservation measures available to low-income Californians otherwise unable to participate in existing programs.

GAS FURNACE PILOT LIGHT TURN-OFF PROGRAM

The summertime Gas Furnace Pilot Light Turn-Off Program offers participating customers the opportunity to save on natural gas bills by turning off their furnace pilots during the warm weather season. Each customers can save up to 50 therms of natural gas by turning off his/her furnace pilot. Over four million pilots were turned off during the summer of 1982, saving 120 million therms, or the equivalent of nearly 2 million barrels of oil.

The Gas Pilot Light Turn-Off Program is an effective way to save natural gas. The combined effects of pilot light turn-off and other programs have allowed gas utilities to absorb 920,000 new customers while reducing overall annual sales by almost 250 billion cubic feet over the last seven years.

CONSERVATION VOLTAGE REGULATION

Conservation Voltage Regulation (CVR) has proven to be the most effective electric conservation program in California. Under this program the maximum allowable customer service voltage has been reduced wherever possible from 126 volts to 120 volts while maintaining a minimum of 114 volts. Voltage reduction results in customer energy savings at a cost of less than two-tenths of a cent per kWh. CVR saved 2.7 billion kWh in 1982 and registered total program savings of more than 12 billion kWh since it was started in 1977.

LOAD MANAGEMENT

Load management programs are designed to reduce the need for new electricity generating capacity while efficiently using existing energy supplies. These programs expanded significantly in 1982.

Three types of load management, Time-Of-Use Rates (TOU), Interruptible Rates and Direct Load Control, have been particularly successful in California.

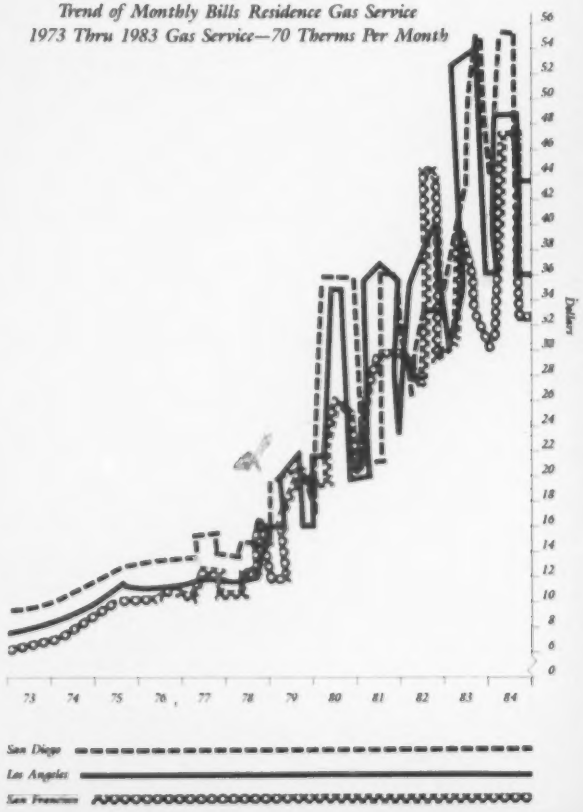
Time-Of-Use Rates offer customers incentives to limit non-essential use during peak demand periods with reduced rates during off-peak time. Customers who opt for interruptible rates receive lower rates for lower overall service levels.

Interruptible rates have resulted in 48 Megawatts (MW) of load reduction for PG&E and 186 MW load reduction for SCE. Time-Of-Use programs have resulted in a 106 MW load reduction for PG&E and a 31 MW load reduction for SCE. SDG&E also offers Interruptible and Time-Of-Use Rates.

One of the most cost effective load management efforts is the swimming pool program. Pool pumps are switched to off-peak use by special switches on pump time clocks. PG&E reduced its load by 36 MW in 1982, while SCE achieved a load reduction of 162 MW.

California utilities offered more than 100 load management programs to more than 300,000 customers. Load management programs have resulted in a cumulative reduction of 681 megawatts during the last four years.

Trend of Monthly Bills Residence Gas Service
1973 Thru 1983 Gas Service—70 Therms Per Month



SOLAR WATER HEATING DEMONSTRATION PROGRAM

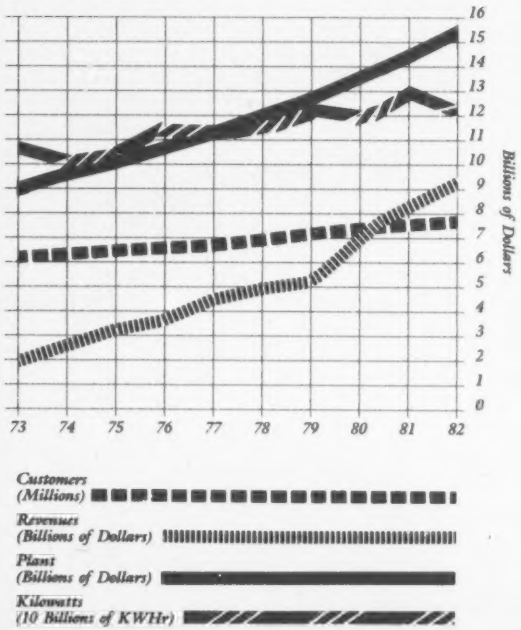
Solar water heating programs of the four major utilities ended their second year of operation in 1982 with markedly increased customer participation. By April 30, 1983, customers had taken advantage of 87,298 rebates or low-interest loans with a total value of almost $69 million.

Rebates for single family customers with gas water heater backups were nearly exhausted by the end of 1982. SoCal Gas' six percent solar loan program accepted its final group of solar loan applications in early 1983 and expects the program to be completed by mid-1983.

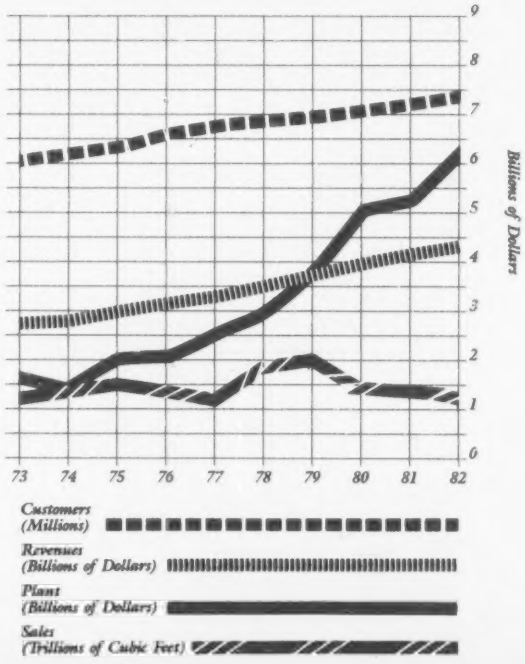
The Commission expanded the solar water heating market in 1982 by allowing long term health care facilities and university dormitories to participate in the multi-family solar programs of the four large utilities. Participation in the multi-family portion of the program rose dramatically with 23,239 multi-family units passing inspection by the end of April, 1983.

Solar programs also gave special consideration to low-income customers in 1982. At the direction of the Commission, ten percent of the overall program budget was dedicated to the provision of solar water heating systems to low-income families. Approximately 2,000 low-income customers had solar systems installed at no direct cost by May 1983. If all the 87,000 solar systems installed in 1982 were operating at maximum efficiency, over one billion cubic feet of gas could be saved annually.

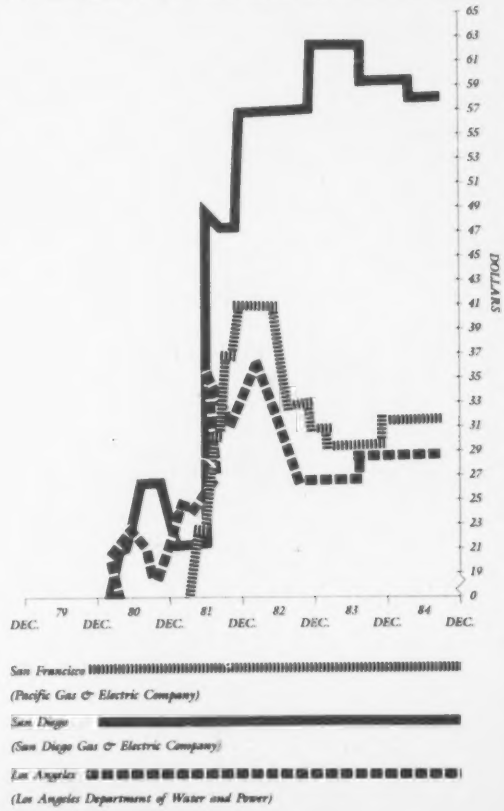
Growth of Large Electric Utilities



Growth of Large Gas Utilities

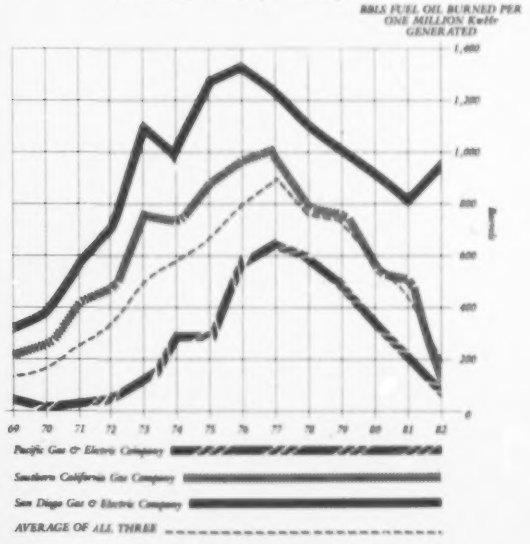


Trend of Monthly Bills Residence Electric Service
1979 Thru June 1983 Electric Service 500 KwHr Per Month



READY FOR AN ENERGY HARVEST—Windmills like these in the Altamont Pass area of Alameda County (Calif.) will play a bigger role than ever this year in supplying electricity to customers of Pacific Gas and Electric Company. The turbines are mounted on 40 and 60-foot towers, with blades about 16 feet long.

Fuel Oil Portion of the Mix Needed to Generate One Million KwHr of Electricity



1982 ENERGY SAVINGS

California utilities spent almost $200 million on energy conservation programs in 1982. These expenditures resulted in energy savings of more than 250 million therms of natural gas and about 5 billion kWh of electricity. On a cumulative basis, combined with energy savings from earlier years, the savings are much higher. The cost of conservation is less than developing new supplies. In addition to saving energy, conservation offers jobs to many Californians and generates tax revenue to the state.

ENERGY CONSERVATION PROGRAMS PROVIDE EMPLOYMENT

The Commission staff has estimated that the investor-owned utility conservation activities are directly responsible for continued employment of nearly 53,100 persons; 3,040 within the utility companies, and 50,045 involved in programs outside the utilities. Fiscal Year 1982–83 was a banner year for utility energy conservation activities in California.

ALTERNATIVE ENERGY GENERATION MOVES FORWARD

Despite the decline in world oil prices in 1982 and early 1983, the state's utilities continued to make progress in developing alternative generation sources. These sources include previously wasted heat (cogeneration) or renewable resources indigenous to California (wind, solar, hydroelectric, geothermal, and agricultural or municipal wastes). Regulatory and tax incentives have encouraged private parties to develop alternative generation projects. Utilities buy the produced power under contracts whose prices, terms and conditions are established by the Commission. During 1982, PG&E, SCE and SDG&E signed contracts to purchase energy and capacity from privately developed alternative generation projects. This energy totaled approximately 1,500 megawatts (MW) in capacity, about one and one-half times the capacity of a large baseload nuclear power plant. By the end of 1982 about 500 MW of such projects were supplying power to the utilities' systems.

ORDER INSTITUTING RULEMAKING NO. 2 (OIR)-2

In a two-step proceeding, the Commission last year established standard prices, terms and conditions governing utilities' power purchases from private producers. The Commission's initial decision in OIR-2, issued in January 1982, established general guidelines for these standard contracts and ordered the utilities to file a series of such contracts. Three contracts have been available to private power producers since March 1982 and were further refined in late 1982. These contracts do not result in added costs for ratepayers, because the purchase prices are based on the costs the utility avoids by buying power it would otherwise generate from added plants.

In November 1982, the Commission began to develop another set of standard contracts that differs from the initial three. Prices utilities pay to private power producers will not fluctuate with current oil and gas prices, as do the "short-term" prices in the initial three contracts. Instead, prices in the new

contracts will be based on a "long-term" forecast of avoided costs, which will be fixed when the private power producer signs the contract.

WIND FARMS

Visible signs of the state's progress in encouraging alternative generation projects are the "wind farms"—large arrays of electricity-generating wind mills—that have sprouted in several of California's windy mountain passes. The largest and most prominent group of wind farms is located in the Altamont Pass along Interstate 580 east of Livermore. Others have been built in Pacheco Pass and in the Tehachapi Mountains. Wind farms are also planned for the Cordelia Hills in Solano County and for the San Gorgonio Pass near Palm Springs. The wind farms now operating or in the planning stages are financed, built, and operated by private entrepreneurs who sell the power produced to the local utility under contracts whose prices and conditions are regulated by the Commission. The Commission has attempted to set the prices for such sales at levels attractive to developers of alternative generation projects such as wind farms, yet do not increase costs to ratepayers.

In May 1983, the Commission approved PG&E's agreement to purchase power from a first-of-its-kind wind farm planned for Cordelia Hills near Fairfield in Solano County. Aero Turbine Energy Corporation of Denver plans to construct 18 to 50 large, multi-megawatt wind machines in what would be the first commercial development of wind machines of this size. These machines will be similar in size to the large Boeing MOD-2 machine which PG&E operates for research purposes near Fairfield. The MOD-2 has blades 300 feet in diameter, with a 2.5 MW generator located atop a 200 foot tower. Initially, the price PG&E will pay Aero Turbine for power from this project will be greater than PG&E's cost to produce power in its own plants, but discounts in later years of the 30-year contract are expected to produce significant savings for PG&E's ratepayers.

SDG&E'S HEBER GEOTHERMAL PLANT

On May 18, Commission Decision No. 83-05-047 approved a contract which will enable SDG&E to buy geothermal brine to operate its Heber Binary Geothermal Power Plant. This 45 MW experimental plant is intended to demonstrate the feasibility of binary geothermal technology on a commercial scale. Initial startup is scheduled for late 1984. If it proves commercially successful, commercial operation would begin early in 1988 after a two-year full demonstration run.

In the binary process, the geothermal fluid is used to vaporize a secondary working fluid with a low boiling point which then turns a turbine to generate electricity. Pollution problems are prevented because geothermal fluid is kept under pressure and never exposed to air from the time it comes out of the well until it is reinjected. Binary technology is capable of utilizing lower temperature reservoirs than other geothermal plants so it is much more widely applicable. The Imperial Valley, in particular, has vast quantities of low temperature geothermal brine.

Because of the importance of this project nationwide, a number of other parties are participating. Besides SDG&E the Department of Energy is the largest participant with $61 million. Other participants include the State of California, California Department of Water Resources, Electric Power Research Institute, Southern California Edison and Imperial Irrigation District.

SOUTHWEST POWERLINK

The Southwest Powerlink is a new major high-voltage transmission line connecting SDG&E with out-of-state generating resources. As part of its approval of this project on December 1, 1981, the Commission authorized a monitoring program to oversee the various environmental protective measures included in the decision. This program has provided a positive record of enforcement and conflict resolution through the first-third of the construction schedule.

DEVERS-MIRAGE TRANSMISSION LINE

The Devers-Mirage Transmission Line will supply power to the City of Palm Springs from Edison's Devers Substation. At a later date, this transmission line will become part of the system to deliver geothermal power to Edison's service territory. The Environmental Impact Report prepared under Commission staff direction for this project was recognized as an outstanding document by the Association of Environmental Professions. The Commission approved the project on April 6, 1983.

THE GEYSERS: ENERGY DEVELOPMENT AND ENVIRONMENTAL PROTECTION

Just 70 miles north of San Francisco lies the world's largest geothermal steam plant complex. Eighteen power plants now use steam from the earth to produce over 1200 MW of electricity—enough power to serve 1.2 million people. When eight other plants now under construction are completed, 600 more MW will be added. This energy development is taking place in the rugged terrain known as the Geysers-Calistoga Known Geothermal Resource Area (KGRA), in Lake and Sonoma Counties.

Although all power plant development causes some environmental impact, these impacts are fewer with geothermal power plants. If the environmental impacts are resolved and adequate steam resources can be tapped, the Geysers may eventually provide 3,000 or more MW of power. This will be a major contribution to the state's energy future.

Until recently, PG&E built the power plants and several oil companies (Union, Magma, Thermal, Shell, Aminoil and Thermogenics) drilled the geothermal wells. PG&E now operates 17 power plants and is building two more.

Other companies have recently entered the geothermal electricity generation business in the Geysers. These include Sacramento Municipal Utility District (SMUD), Northern California Power Agency, State Department of Water Resources (DWR) and Occidental Petroleum Incorporated. Northern California Power and DWR have two plants each. McCulloch, Occidental and Geothermal Resources International are now drilling wells. Occidental Petroleum is the first developer to own its own power plant.

Prior to 1975, it could take as long as three years to get the numerous state, federal and local permits it required to certify a power plant. Now utilities are required to obtain through the CEC only one state/local certificate for plant construction.

SAFETY

PCB INCIDENTS THREATEN PUBLIC SAFETY

A prime Commission concern last fiscal year was the danger to the public of polychlorinated biphenyl (PCB) filler oil in electric transformers. On May 6, 1983 smoke from a fire in the electric power vault serving No. 1 Market Plaza in San Francisco, spread PCB contamination and other hazardous combustion by-products in the building's lower floors and outside. Cleanup and decontamination works cost $65,000 per day and businesses ousted by the contamination suffered major economic loss. The PUC safety division monitored the restoration of electric power to the site and investigated the accident. The PUC is also reviewing PG&E's proposals for removing remaining transformers and capacitors from its electrical system and the impact of such removal on utility rates.

Natural Gas Incidents and PCB's

In 1983 the Commission imposed an unprecedented fine of $90,000 on PG&E's San Francisco gas safety division. The utility's violation of gas safety standards was uncovered in a Commission investigation of a natural gas-related incident in August, 1981 at Sacramento and Battery Streets in San Francisco. It was the first time a gas utility was fined for violation of Commission gas safety standards.

In cooperation with the federal Environmental Protection Agency (EPA), the Commission has directed California gas utilities to locate and eliminate any PCB-contaminated liquids in the state's gas pipeline systems. This precautionary effort involved household sampling programs to detect possible entry into homes of dangerous PCB's. Testing by utilities of 90 gas stream samples and 43 air samples turned up no PCB concentrations above acceptable levels.

The Commission last year sponsored a cost-effective PCB disposal program. Home gas meters in areas where liquids containing PCB's have been found in the past will be disposed of without testing. This procedure will save testing costs, which exceed the cost of new meters.

NATURAL DISASTERS' EFFECT ON UTILITIES

Winter Storms

The past winter storms and record rainfall caused major damage to utilities' facilities and frequent interruption of electric power and communication services.

In late November 1982, one of the most destructive storms occurred, spreading from the San Francisco Bay Area throughout the Central and South-

ern coastal areas and the adjacent western valleys. PG&E, SDG&E, Los Angeles Department of Water and Power (LADWP) all reported extensive damage to their electric power distribution systems, resulting in 10–20 percent of their customers suffering interrupted electric service.

In late December 1982, another storm caused one of the biggest power interruptions in California's history, involving five million customers. Several transmission towers in PG&E's portion of the 500 kV intertie lines used for supply of hydro-power from the Pacific Northwest were destroyed. This interruption constituted a massive loss of distribution within the Western States' grid, causing attendant local overloads.

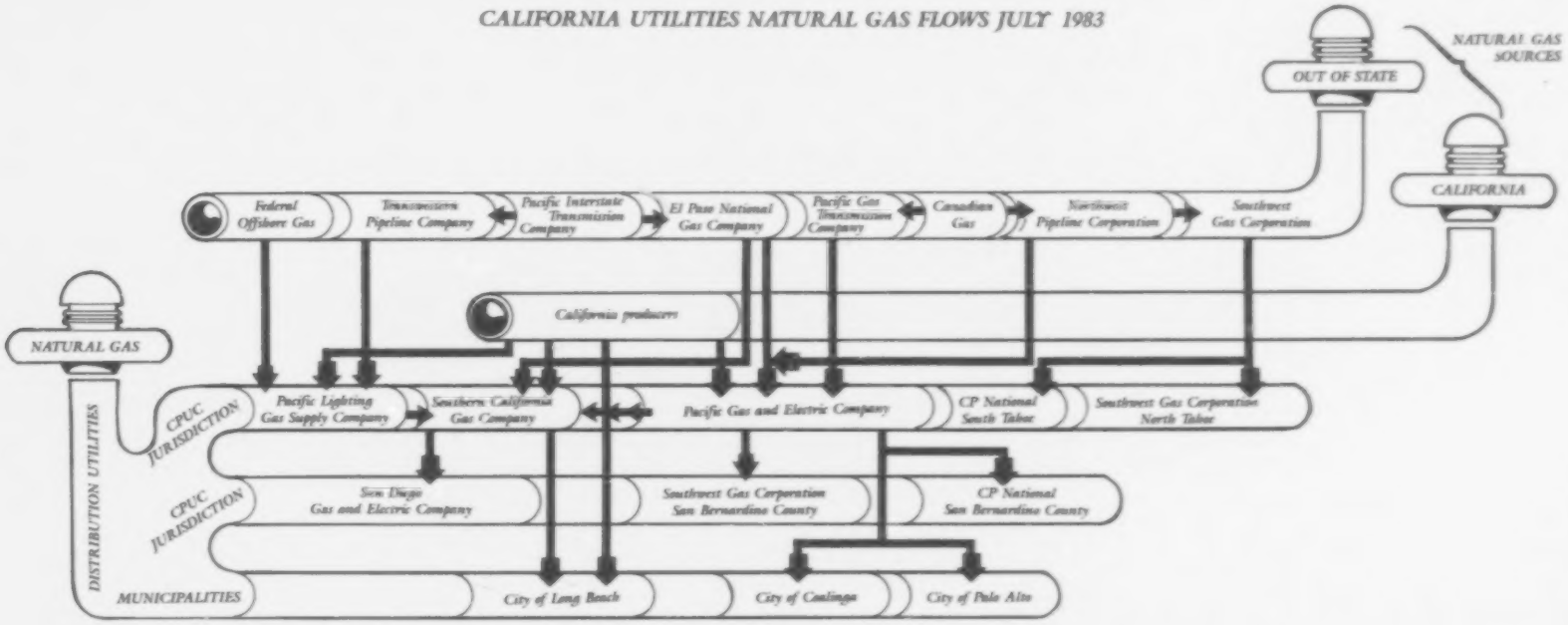
Coalinga Earthquake

On May 2, 1983, the Fresno County community of Coalinga experienced a 6.5 Richter magnitude earthquake. Electric facilities located in the area, in addition to the distribution facilities, include three substations and a 500 kV line which delivers surplus hydro-generated electricity from the Pacific Northwest to the Western states.

A PUC inspection revealed that the electric facilities, in general, withstood the initial and after shocks extremely well. After the initial earthquake, PG&E turned off its gas supply from the main feeder.

In brief, PG&E's substations and electric distribution system suffered only limited damage in this major earthquake and continued to function without any power interruption. This favorable system performance is attributed to a recently completed reinforcement and bracing of substation transformers and circuits. The program for strengthening of facilities was developed after evaluating past earthquake damage.

CALIFORNIA UTILITIES NATURAL GAS FLOWS JULY 1983



TELECOMMUNICATIONS

AT&T BREAKUP PROTECTING CONSUMER INTERESTS

As the 1982–83 Fiscal Year ended, the Commission was six months away from the January 1, 1984 deadline when American Telephone & Telegraph Co. (AT&T) would have to shed its 22 operating companies, including Pacific Telephone Company.

In January 1982, the U.S. District Court for the District of Columbia proposed settlement of a long-standing anti-trust dispute between AT&T and the U.S. Department of Justice by having AT&T divest itself of its 22 operating companies. In August, 1982 the court approved a modified version of the proposed settlement (Modified Final Judgment or (MFJ). That same month, Federal District Judge Harold Greene ruled that, after divestiture, Bell operating companies (BOCs) would keep the profitable yellow page advertising business.

Highlights of the preliminary agreement were that:

- AT&T would retain the long-haul toll (interstate long distance) business, the Western Electric Manufacturing facilities and the Bell Telephone laboratories.
- BOCs would be restricted to providing local service in relatively small franchise areas.

In December 1982, AT&T filed its proposed reorganization plan to implement the MFJ. After staff analysis of the plan, the Commission concluded that there were a number of serious defects that it brought to the Courts' attention in periodic filings through 1983.

Arguments and counter arguments continued into the Spring of 1983, with the Commission submitting several briefs to the court. It is estimated that the court will hand down a decision in July.

PREPARING FOR AN UNCERTAIN FUTURE

The Commission last year exercised its own regulatory authority in planning for ratemaking and service implications of the AT&T breakup. It began hearings in April 1983 on the most complex Pacific Telephone rate case it ever faced. It is intended that an interim decision in that case will be reached in December, 1983. The interim decision is expected to establish Pacific's predivestiture revenue requirements and to set access charges that intrastate long-distance carriers must pay to Pacific. The Commission's final decision in the rate case will be issued in the Spring of 1984. This decision will revise the previous rate design and will reflect the effects of the breakup on Pacific's operation.

In related legal action at the federal level, the PUC submitted comments to the Federal Communications Commission (FCC) on accounting, deregulation and divestiture-connected issues.

An important change in accounting depreciation expense grew out of discussions between the Commission, Pacific Telephone and the FCC. The FCC agreed to Pacific's booking a higher depreciation expense, resulting in lower toll settlement revenues to companies with whom Pacific has contractual arrangements.

FUTURE OF PACIFIC TELEPHONE'S MANAGERIAL EFFECTIVENESS

In August of 1982, Management Analysis Center Inc. issued a report pursuant to contract arrangements ordered by the Commission. A concluding summary in the report outlines the source and the uncertainty of the challenge as follows:

> "Pacific's management faces an enormous task, one that will severely test even the strongest set of capabilities. The forces that have joined the Bell System together, and the trends of public policy and regulation, have developed through a century of collective experiences. While it is certain that those forces will change shape and direction, the future is virtually undefineable for Pacific and the CPUC. What they make of it is largely dependent on the willingness of both institutions to work together in ways that serve their individual and common interests. The question is whether Pacific will become a supplier of choice, or last resort, in the minds of the consuming public. The answer is not very distant in Pacific's future."

According to the report, Pacific must move quickly to develop and integrate corporate policy-formulation process with resource allocation to support the new strategy and measurement systems for the new lines of business. As part of this process, Pacific must also redesign its organizational structure and maximize the benefits of performance incentive compensation for its employees.

SMALL INDEPENDENT TELEPHONE COMPANIES

During the past Fiscal Year the PUC, for the first time, authorized 20 small independent California telephone companies to apply for general rate increases through the advice letter procedure, rather than through formal application. Six of these companies last year received Commission approval for increases under this process.

The AT&T divestiture and resulting competition for long-distance business are expected to negatively affect independent telephone companies. The Commission expects that every California telephone utility will request rate increases during the period from 1982 through 1984.

Eligible companies that use the advice letter, rather than the formal application system to apply for the increases must still show that the increase requested is justified. They must still notify their customers of the proposed increase and get formal PUC approval before implementing it. The advice letter process has proven more efficient for both telephone utilities and the PUC because it eliminates the extensive reports and hearings required when the formal application process is used.

TELEPHONE SALES PROGRAM

In August, 1982 the PUC ordered Pacific Telephone to begin selling telephones instead of continuing to lease them. The FCC then ruled that all new customer premises equipment be deregulated. Pacific and PUC staff estimates indicate that as many as 35 percent of Pacific single-line customers may exercise this purchase option by the end of 1983. As of April 30, 1983, over 1.7 million in-place sets had been sold under this program.

IA KEY EQUIPMENT SALES PROGRAM

To give California telephone utilities customers the option of buying the terminal equipment on their premises, the PUC ordered its staff to propose a sales plan for IA Key equipment to Pacific Telephone customers.

Pacific later submitted its detailed proposal for sale of IA Key equipment but challenged the Commission's authority to order sales. Pacific's position was that it was hazardous for it to sell the equipment because of future uncertainties caused by the impending Bell breakup and questionable customer demand for the equipment.

UTILITY SERVICE IMPROVEMENT

During hearings in 1982, General Telephone Company customers complained about the quality of telephone service General provided. The PUC directed the utility to monitor its service operations to ascertain:

- The number of directly-dialed calls that fail to go through during peak hours.
- The number of trouble reports per hundred telephone lines.

Because the quality of service is considered in rate case, General improved service, particularly in the Novato, Santa Barbara and Covina areas, according to reports filed with the PUC. The utility is planning corrective measures for 1983 including central office electronic conversions and cable plant renovation projects. This should provide good service for the utility's 2½ million customers.

EFFECTS OF FCC ACTIONS

Several FCC rulings last year caused great changes in California's radiotelephone industry. These rulings:

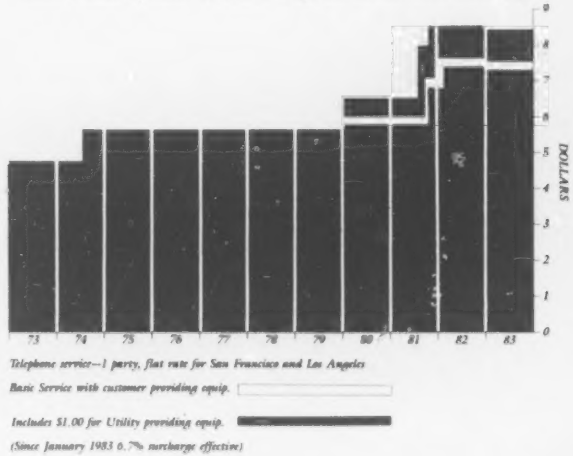
- Made available a large number of new radio channels for one-way radio paging service.
- Permitted FM radio stations to provide a type of radio paging service.
- Deregulated paging receivers.

Federal statutes passed in late 1981 also deregulated record services, such as telegraph services. As a result, Western Union Telegraph Co. has filed tariffs with the PUC removing its record services from state regulation effective in mid-1983. All of Western Union's voice services remain under Commission jurisdiction.

USER FUNDING OF REGULATION EXPENSE

AB 2907 created the Radiotelephone Utility (RTU) Rate Fund. Under provisions of this 1982 measure, each RTU is assessed an annual fee, based on a pro rata computation. The fee ranges from $25 to $10,000 per year, depending on

Trend of Monthly Bills Residence Telephone Service 1973 Thru 1983



Telephone service—1 party, flat rate for San Francisco and Los Angeles

Basic Service with customer providing equip.

Includes $1.00 for Utility providing equip.

(Since January 1983 6.7% surcharge effective)

the company's revenues. The first fees are due July 1, 1983. The radiotelephone industry was among the first of California utilities to initiate user funding for regulation expense. The California legislature extended user funding to all regulated public utilities during the 1982–83 legislative session.

SERVICES FOR THE HANDICAPPED

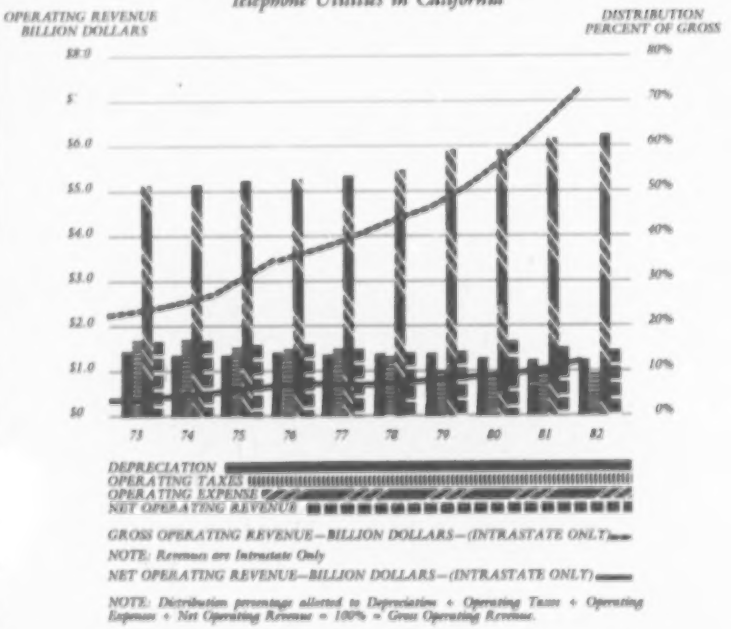
California telecommunications utilities last year continued to distribute teletypewriter devices (TDDs) to the state's deaf or severely hearing-impaired population. Utilities had provided more than 12,000 TDDs to this group by the end of 1982. TDDs are provided at no charge to the user and are funded by a surcharge on subscriber lines. The PUC-imposed surcharge is now three cents per month for most types of service. In order to effect placement of as many TDDs with the deaf population as possible, the PUC staff and utility representatives last year continued contact with key deaf advocacy organizations to maximize outreach activities.

NEW ACTIVITY AREAS

CELLULAR RADIO

The Commission last year granted California's first cellular radio service Certificate of Public Convenience and Necessity to Advanced Mobile Phone Service (AMPS). This certificate allows AMPS, an AT&T affiliate, to build a cellular system to provide coverage of the 1984 Olympic Games. Cellular systems employ many relatively low-powered closely-spaced, fixed transmitting stations that utilize a part of the radio spectrum that was previously unavailable.

Distribution of Gross Operating Revenue Large Telephone Utilities in California



FIBER OPTICS

Pacific Telephone will soon finish installing 300 miles of fiber optic lines in Los Angeles, to provide Southern Californians with the world's most sophisticated metropolitan communications network. The fiber optics transmission technology works on pulses of laser light. Called the "lightwave communications system," it will transmit audio and data signals over tiny glass fibers to serve visitors to the 1984 Olympics—the largest viewing audience ever for a sporting event. The light guide system will also deliver "electronic mail," enabling coaches, athletes, reporters and broadcasters to send and receive messages by means of an electronic mail terminal at each location.

OLYMPIC TRAILERS—Scott McKeown, a General Telephone of California installer/maintainer, tests the complex and latest state-of-the-art equipment housed in a mobile telecommunications trailer designed and built by General. The self-contained trailer is one of five General will operate at the 1984 Olympics.

MAJOR GENERAL RATE CASES

PACIFIC TELEPHONE COMPANY

In November 1982 and January 1983, Pacific filed for combined rate increases totaling $965 million—the largest request ever made to the PUC by a communications utility. The Commission staff recommended a $297 million increase as being fair and reasonable. Among several important issues still under study in this case is under-use of existing telephone plant. If a great deal of the utility's plant is under-used it is not fair and reasonable for Pacific to earn a return on that plant investment. Pacific contends any under-utilization results from the 1981–82 recession whose severity no one foresaw.

The PUC staff also differs with Pacific on marketing/sales, local business offices and Phone Center expense estimates. It is expected that the PUC will render a decision on this rate request in late 1983.

GENERAL TELEPHONE COMPANY

General was allowed $50.7 million during fiscal 1982–83 to recover its 1983 attrition adjustment and an $18.5 million depreciation represcription attrition allowance. General tendered a Notice of Intent (NOI) to file for a $469.6 million annual rate increase. This request is based on an 18 percent return on equity. It is expected that the PUC will render a decision on the request by the end of June, 1984.

CONTINENTAL TELEPHONE COMPANY

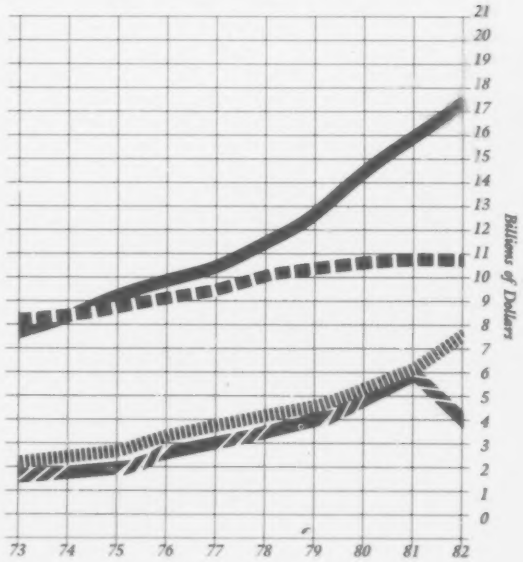
Continental requested authority to increase telephone service rates and charges by $31.08 million and was granted authority by the PUC to raise rates by $16.73 million. The PUC withheld a rate increase for the utility's Apple Valley Area due to substandard service quality.

ROSEVILLE TELEPHONE COMPANY

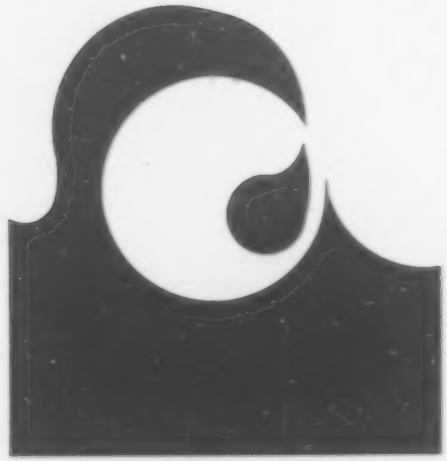
The Commission authorized a $2.468 million rate increase for Roseville Telephone Company in September 1982. Roseville had requested $6.693 million.

When Mother's Day was first celebrated in 1908, it took at least two operators to complete one telephone call. With today's technology, though, you can save money by dialing Mom directly without using an operator. Mother's Day is the busiest calling day of the year, and this May 10, General Telephone expects to handle a record 2.7 million calls, a 19 percent increase over last year.

Growth of Large Telephone Utilities



WATER



The PUC regulates 320 investor-owned public water systems and 17 sewer systems throughout California. Rate proceedings for these systems are processed by the Revenue Requirements Division, which handles major water and sewer systems, and by the Hydraulics Branch which handles smaller water and sewer companies.

General rate increases are processed through the application procedure, while offset increases are handled through the advice letter procedure. These offsets are pass-through increases which reflect increased costs for purchased power, purchased water or other significant water expenses. These are acted on by PUC resolutions and may include general rate increases for the smaller districts of the major water utilities. During the year, 61 offset increases were processed.

Staff responsibilities also include investigating rate increase requests, processing applications for certificates of public convenience and necessity, and for the transfer of utility plant. During the fiscal year, as in past years, Commission staff established and enforced service standards and rules, investigated complaints, responded to customer and public inquiries, monitored compliance with PUC decisions, and managed and interpreted rate schedules.

The Commission took a closer look last year at the problems unique to many small water systems. Hundreds of these systems were built before, during and just after World War II and now find themselves increasingly unable to respond to today's greater demand for service. Among their problems are:

- surging power bills,
- customer demands for better quality water and reliable pressure,
- requests for new and upgraded service to individuals, subdivisions and businesses, and
- strict enforcement of health department standards and fire department flow requirements.

Some small privately-owned public water utilities find solutions to their problems by going public as water districts, or cooperative as mutual districts. However, the requirements of near unanimity, cash investment, legal expense, and competent dedicated leadership excludes a majority of these companies from taking such action.

Commission staff has made a number of innovative recommendations in the areas of proprietary incentives and connection costs that the Commission expects to act on in future decisions so that small public water utilities will continue to have a substantial role in providing water service in California.

WATER AND SEWER UTILITIES USERS FEE

The California State Legislature enacted a bill establishing a PUC Reimbursement Fee to fund water and sewer utilities regulation. The Commission set a fee of 1½ percent of gross revenues for all water and sewer utilities beginning January 1, 1983. The utilities collect the reimbursement fee as a surcharge on customer water and sewer bills.

BALANCING ACCOUNTS

After almost two years of joint effort with the water utility industry the Commission in May 1983 adopted a revised procedure for maintaining water production balancing accounts. Pursuant to the Public Utilities Code water utilities are required to maintain these accounts to keep track of incremental changes in revenues and expenses associated with offset proceedings. These accounts ensure that ratepayers are not overcharged in offset proceedings. The revised standard also ensures uniformity and is expected to make it easier for Commission staff to review the balancing accounts.

CUSTOMER INPUT IN PROPOSED CAPITAL IMPROVEMENTS

In June 1982, the Commission adopted a revised policy on large capital improvements. Water utilities must submit large proposed capital improvements to their customers and to the Commission for comment before they install the improvements. A large capital improvement is a total yearly construction budget that would increase rate base by more than 10 percent for large water and sewer companies and by more than 25 percent for small water and sewer systems.

The revised policy also provides for a reduction in an authorized rate increase if the utility does not comply with Commission orders to improve water service. Ratepayers will no longer provide profits indefinitely to a utility providing poor service.

WATER MANAGEMENT COMMITTEE

Recognizing the need for a consistent and coordinated effort in regulating water utilities, the Commission organized a water management committee in June 1982. The committee, made up of representatives from the Legal, Policy and Planning, Revenue Requirements, and Utilities Divisions, produces policy memoranda for the Commission's approval. It also studies possible solutions to water utilities' day-to-day regulatory problems.

SMALL UTILITIES RATE REQUESTS SIMPLIFIED

Many Class D utilities (the smallest water utility category) found it difficult to prepare the formal draft advice letter and the ratemaking summary of earnings required in rate increase proceedings. The Commission simplified the procedure by permitting Class D utilities to substitute a written request and a simplified summary of revenues, expenses and plant investment estimates. The revised procedure will benefit about 260 small water utilities that the Commission regulates.

RATE INCREASE REQUESTS BY ADVICE LETTER

On June 15, 1982, the Commission adopted a policy guideline in processing rate increase requests by advice letter where one or more of the following exists:

- large protest by the utility's customers,
- noncompliance with Commission orders,
- significant service problems, and
- major differences between utility's and staff's estimated expenses, revenues and rate base for the utility.

Under this policy, an advice letter is automatically converted to a formal application if a majority of customers protest the rate increase and quality of service, or the utility is unwilling to accept the staff's recommended increase. When the above problems exist, conversion is evaluated on a case-by-case basis and the staff sometimes conducts public meetings in the utility's service area. These meetings allow the staff to explain the Commission's ratemaking procedure and gives the utility a chance to justify the rate increase and to reveal plans to improve water service.

The guideline also specifies the conditions under which Commission staff may reject an advice letter request for a rate increase. They include:

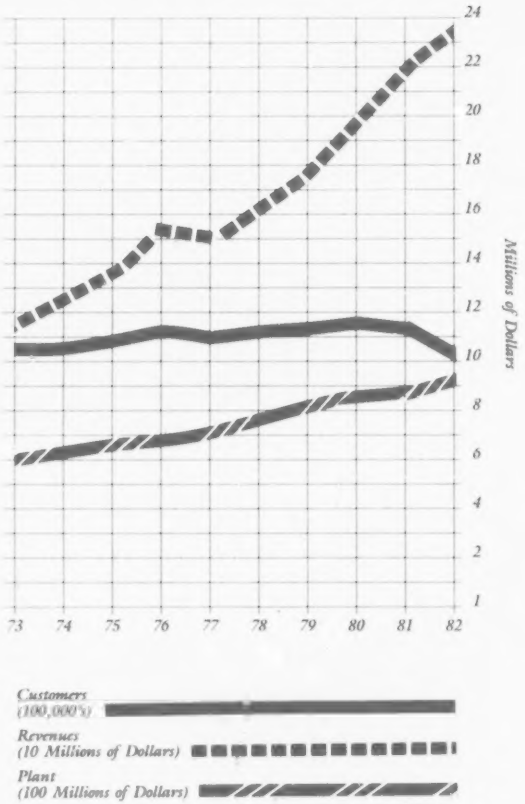
- projected annual revenue exceeds the limit of $750,000 for rate requests by advice letter,
- the advice letter and supporting data are grossly deficient,
- the filing would result in a general rate increase more often than once in every three years, and
- flagrant noncompliance with Commission orders.

If its advice letter is rejected, the utility has the right to file a formal application for a rate increase.

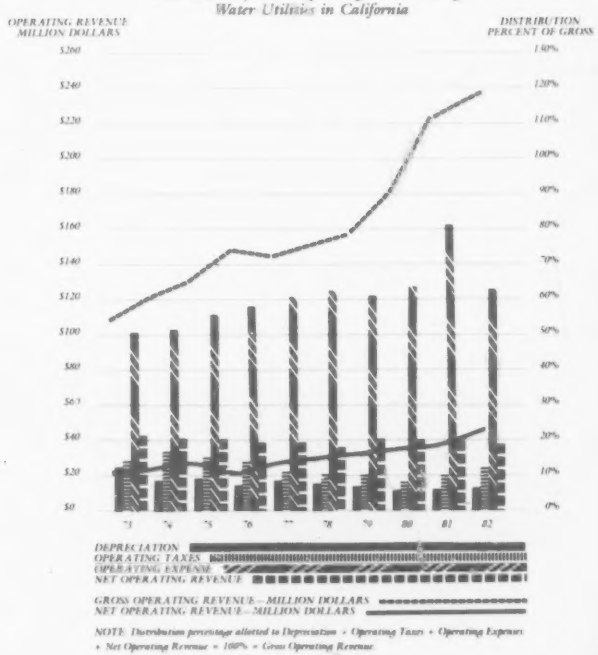
ATTRITION ALLOWANCE FOR SMALL UTILITIES

In a December 1982 decision, the Commission authorized, for the first time, an attrition allowance for a small utility. The decision granted a rate increase to Gibbs Ranch Water and Sewer Utilities, with a step increase in 18 months for attrition in the rate of return. Large utilities have requested attrition allowances in rate applications over the past few years, with the Commission authorizing step rates at one-year intervals. In most cases, small utilities are not familiar with or knowledgeable about the procedures to request the attrition allowance. In May, 1983, Commission staff devised a plan providing for justifiable attrition allowance in advice letter general rate increases.

Growth of Large Water Utilities



Distribution of Gross Operating Revenue Large Water Utilities in California



MOTOR CARRIERS OF PROPERTY

GENERAL FREIGHT REREGULATION

In August 1982, the California Manufacturers Association requested that the Commission cancel the general transition tariffs effective since 1980. Two months later, the Teamsters Union proposed to raise Transition Tariff rate levels in Application 82-10-42. PUC staff circulated a "White Paper" to interested parties in April 1983 which proposed an alternative post transition plan for general freight transportation.

REGULATING MOTOR CARRIERS SERVING FOREIGN COMMERCE VESSELS

Past court and Interstate Commerce Commission (ICC) decisions have held that intrastate motor carriage performed in continuity with interstate or foreign commerce by private water vessel is not "interstate commerce" within the meaning of the Interstate Commerce Act. Rather, regulation of such traffic falls within the jurisdiction of the state in which it is conducted. Consequently, on June 1, 1983, the Commission exempted by Decision 83-06-019, movements of grain and rice by these carriers from Minimum Rate Tariff 14-A. Also exempted under these conditions was petroleum coke traffic moving between certain points in Los Angeles Harbor Commercial Zone from Minimum Rate Tariff 7-A.

HOUSEHOLD GOODS TRANSPORTATION

Since 1981, the Commission has explored the regulatory program best suited for transportation of household

goods. Hearings held in five major urban centers throughout the state accommodated the need for both the public and industry to fully participate. These hearings laid the groundwork for the May 1983 issuance of a Commission Interim Opinion, D.83-05-033, providing for a continuation of the current rates, rules and regulations set in Minimum Rate Tariff (MRT) 4-B for a one year period. The Commission has been particularly sensitive to the need for adequate consumer protection in this industry since shippers of household goods, unlike general freight shippers, are not likely to develop a protective shield of experience and expertise. Staff has been directed to work closely with carriers, consumer groups, industry associations and other interested parties to develop a proposal reflecting the interests of a cross section of the entire industry.

STRONGER TRUCKING ENFORCEMENT LEGISLATION

The Commission sponsored legislation which increased the maximum fine on second offenders guilty of illegal trucking operations to $10,000. Additionally, the fine imposed under the informal citation forfeiture procedure was raised by the Commission from $2,000 to $5,000. The industry, which earlier complained that enforcement had gone limp, acknowledged that enforcement efforts had dramatically improved with the escalation of these fines.

INTERSTATE REGISTRATION PROGRAM

The Legislature authorized additional staffing this year for the Commission's Interstate Registration program. The program assures the traveling public that out-of-state truckers maintain the public liability and property damage insurance coverage set by the Commission. It also designates a process agent in the state who can be served legal papers should a state traveler become involved in an accident with one of these carriers. The registration fees collected under this program sustain the program at no cost to the state.

SUBHAULERS PAYMENT AGREEMENTS

In recognizing the crucial role that independent owner-operators play in the freight transportation system, the Commission has acted to ensure that these operators are treated fairly. Under Commission procedures that allow carriers to reduce existing freight rates, the proponents of the lower rates are required to establish that payments to subhaulers are compensatory. The Commission has notified the overlying carriers that inadequate payment to subhaulers will not be tolerated, including delayed payments. Subhaulers transport over 50 percent of the for-hire freight moving within the state under agreements with overlying carriers.

HIGHWAY CARRIERS RATE REDUCTION REQUESTS

Filings by highway carriers for rate reduction below both transition tariffs and those of competing carriers, substantially increased during the second full year of the Commission's regulation program. During 1982 the Commission received 914 filings, of which 802 were initial filings and 112 were approved amendments to the filings. Rate reductions must be supported by operational and cost data showing that the proposed rates will contribute to carrier profitability.

HIGHWAY CARRIERS RATE INCREASE REQUESTS

Applications by highway common carriers for increases in their rates and rules, absent protest, have been granted on an ex parte basis. These applications which are handled by Commission staff under an expedited procedure, have increased 20 percent over the past year.

MINIMUM RATE TARIFFS 8-A AND 3-A

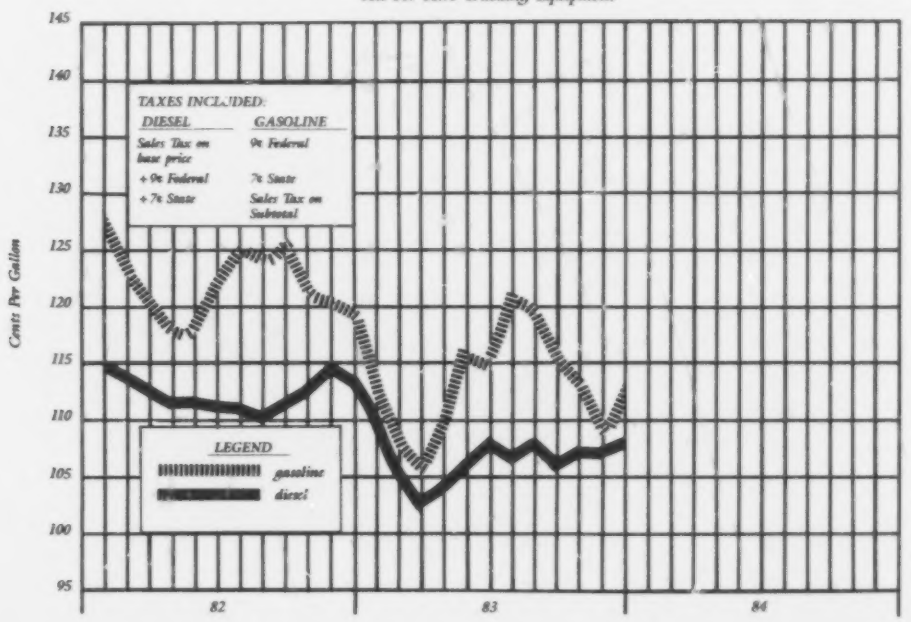
At Commission hearings on the maintenance of minimum rates for the transportation of livestock (MRT 3-A) and fresh fruits and vegetables (MRT 8-A), staff proposed that minimum rates be cancelled.

The Commission convened *en banc* hearings on June 16 and 17, 1983 to hear oral arguments from interested parties regarding the proposed cancellations. The Commission ruled on June 29, 1983 that MRT 3-A should remain in effect and directed staff to update livestock rates to reflect current costs and operating conditions. Simultaneously, the Commission ordered cancellation of MRT 8-A, but held the reregulation proceeding open for further study for less than truckload shipments.

UNIT TRAIN COAL OPERATIONS

Commission staff oversaw safety considerations in the construction and initial operation of the coal unloading facility placed in service during 1982 at the Port of Stockton. Unit coal trains travel directly to the Port where each car is unloaded onto a high-volume conveyor system and transferred directly to the hold of a waiting ship. Proposals to develop unit coal train facilities in the Los Angeles and Long Beach Harbors are being discussed.

Weighted Average Fuel Cost
All For Hire Trucking Equipment



PASSENGER TRANSPORTATION

SIGHTSEEING TOUR BUSES DEREGULATED

On February 10, 1983, the California Supreme Court upheld a Commission decision which concluded that round-trip sightseeing tour service is not passenger stage transportation service, and therefore, not subject to Commission regulation. The effect is deregulation of all carriers authorized to provide round-trip sightseeing tour service, including those granted temporary certificates. One-way sightseeing carriers were not affected by the decision and remain subject to Commission jurisdiction.

PRIVATE JITNEY SERVICE FAILS

In 1982, the Commission authorized two companies to establish jitney passenger service over several routes in Los Angeles County. One company managed to begin service on three routes. However, severe management problems, including operation of vehicles unable to pass CHP inspections, caused the Commission to order the jitney operator to cease operations in April 1983. Although this experiment was not successful, the Commission

found that the public was attracted to a private sector non-subsidized service that helped meet peak-period transportation needs in heavily travelled urban corridors.

FEDERAL BUS REGULATORY REFORM ACT

The Act, effective November 19, 1982, affects the Commission's jurisdiction over interstate bus companies that have or desire intrastate bus routes in California. Prior to its passage, the states had complete jurisdiction over the intrastate operations of interstate bus operators. Now, the Interstate Commerce Commission (ICC) may issue intrastate authority and also supercede state actions on rate increases and service discontinuance upon appeal by the interstate carriers. State laws also appear to be totally preempted on express pickup and delivery, scheduling and rate reductions.

Greyhound lines made two major filings under the Act last year. One requested authority to abandon service to over 90 points in California; the other was for a 15 percent rate increase. The abandonment request was dismissed by the Commission on procedural grounds; Greyhound appealed to the ICC. The Commission authorized a 9.25 percent fare increase for Greyhound, and the carrier has not yet appealed.

LOS ANGELES-OXNARD COMMUTER TRAIN

The Commission issued orders for the Southern Pacific Transportation Company (SP) to begin passenger train service between Los Angeles and Oxnard October 18, 1982. The train service was provided with equipment leased from Amtrak by SP and funded by the California Department of Transportation (CalTrans) to serve stations in Los Angeles, Glendale, Panorama City, Simi Valley and Oxnard.

On February 8 and 9, 1983, SP unilaterally suspended passenger service alleging that CalTrans had not paid operating costs of the trains. However, train service was restored by a temporary federal court order. After public hearings, the Commission on March 11, 1983, authorized SP to temporarily suspend operations of the rail passenger service between Los Angeles and Oxnard because of a lack of funding. The Commission stated that restoration of service would be considered in the future if subsidies became available.

HIGH SPEED RAIL

The passage of AB 3647 enhanced new possibilities for state passenger rail service by authorizing the sale of $1.25 billion in tax-exempt bonds to encourage High Speed Rail projects. Planning studies have been completed on two possible projects: Las Vegas to Los Angeles and San Diego to Los Angeles. The Commission has the responsibility to oversee the certification process for potential operators. The San Diego–L.A. project by the American High Speed Rail Corporation is expected to apply for a Certificate of Public Convenience and Necessity in Fall 1983.

EUREKA MAY LOSE RAIL SERVICE

On April 28, 1983, Northwestern Pacific Railroad (NWP) filed a system map diagram with the ICC indicating possible filing of abandonment applications involving the entire rail line from the San Francisco Bay Area to Eureka within three years. Because of the potential impact on the state's Pacific Northwest region, the Commission directed staff to work with local officials and industries along the route to explore ways to keep rail service, and to oppose the abandonment.

RAIL SAFETY

STATE AND FEDERAL COOPERATIVE EFFORTS

The PUC seeks through funding and other methods, a fuller partnership with the federal government in supporting the state's rail safety program. Under the Federal Railroad Administration (FRA) programs, state participation was originally limited to surveillance and enforcement of track safety standards. Now, the scope of state participation has broadened into areas that were previously the exclusive jurisdiction of the FRA.

RAIL TRANSIT SAFETY RESPONSIBILITIES

The Commission's rail transit safety responsibilities include all publicly-owned and operated transit guideway systems in the state with the exception of San Francisco's Municipal Railway System. The Commission oversees two operating systems, the Bay Area Rapid Transit District and the San Diego Trolley. Engineering reviews are being made of six other systems. If all six become operational, the Commission's safety responsibility in track mileage terms will more than double.

ORGANIZATIONAL FUNCTIONS

EXECUTIVE DIRECTOR

The Commission appoints the Executive Director and holds the Director responsible for the Commission's executive and administrative duties. These duties involve coordination, supervision and direction of the Commission's operations and affairs. The Director also expedites all matters within the Commission's jurisdiction.

Except for the General Counsel and Commissioners, division heads and other employees report their job activities and performance to the Director.

He or she handles all budgetary and procurement matters relating to personnel, services and materials, in addition to preparing and presenting the Commission's budget to the State's fiscal officers and the Legislature.

The Executive Director keeps a full and true record of all Commission proceedings, issues all necessary process, writs, warrants, and notices. He or she may also dismiss complaints or applications when all parties are in agreement, in accordance with rules prescribed by the Commission.

The Director also administers oaths, certifies to official acts and issues subpoenas for witnesses' attendance and produces records needed at Commission hearings and investigations.

LEGAL DIVISION

Section 307 of the Public Utilities Code provides that the General Counsel shall represent the Commission and the People of the State of California in all proceedings involving any question under the Public Utilities Act. The General Counsel heads the Legal Division whose basic function is to provide advice and representation in all matters having to do with the regulation of California utilities.

The Legal Division is divided into four sections: Advisory and Appellate Section reviews petitions for rehearing of Commission decisions and recommends to the Commission the granting, denial or modification of such petitions. It also defends Commission decisions on appeals to the California Supreme Court. This section advises the Commission, staff and the general public on all legal matters.

Staff Counsel Section I is responsible for compliance with the Commission's decision which established an expedited rate procedure for the major gas, electric and telephone utilities. It is also responsible for the electric and gas utility fuel cost and sales offset proceedings. It provides staff attorneys for certain aspects of rate increase applications. Staff Counsel I represents the Commission in matters before other state agencies and provides legal support for the Commission's legislative activities.

Staff Counsel Section II is assigned all hearings other than general rate proceedings of major utilities. It is responsible for rate adjustments for the major energy utilities. Subpoenas to Commission employees or for Commission records are relayed to this section. This section is also active in the preparation, study and review of environmental reports on proposed utility projects under the California Environmental Quality Act.

Federal Agencies Section represents the Commission before federal administrative agencies and the federal courts. Attorneys from the section represent the Commission in federal appellate court proceedings resulting from federal agency litigation. It has participated in proceedings before the Department of Energy, the Nuclear Regulatory Agency, the Interstate Commerce Commission, the Federal Communications Commission and other agencies.

UTILITIES DIVISION

Professional, technical and clerical personnel make up the Utilities Division staff that provides support for many of the Commission's regulatory responsibilities involving the State's investor-owned electric, gas, water, sewer and steam heat utilities.

The division works on utility rates, fuel and power costs, service, project certifications, resource plans, environmental reports, conservation, safety and tariffs, and reports its findings to the Commission. It also participates as parties in formal proceedings, monitors utility compliance with Commission general orders and decisions, and con-

ducts investigations and analyses of energy and water utility policy issues.

The division is organized into six program branches:

Energy Conservation, Energy Service and Safety, Fuels and Operations, Hydraulic, Rate Design & Economics and Resource Planning & Projects.

COMMUNICATIONS DIVISION

It is the responsibility of the Communications Division to administer legislative statutes and Commission orders pertaining to investor-owned telephone, telegraph, radiotelephone and common carrier utilities which provide service within the State of California.

The primary objective of the Communications Division is to assure that the ratepayers of California are receiving the best possible service at the most reasonable cost.

POLICY AND PLANNING DIVISION

The Policy and Planning Division looks beyond the Commission's daily responsibilities to analyze emerging policy issues and changes in the regulatory environment caused by new economic, financial, institutional and technological trends. The division's analyses are reviewed by the Commission to determine how these trends will affect its role and procedures.

REVENUE REQUIREMENTS DIVISION

The Revenue Requirements Division regulates major utility rates and financing and advises the Commission on auditing, accounting, engineering and economic matters. The division's multidisciplined staff consists of CPA-accountants, economists and professional engineers.

TRANSPORTATION DIVISION

The Transportation Division sees that rates fixed by the Commission are just and reasonable and that the service regulated carriers provide the public is adequate. It also makes sure that these regulated carriers, freight trains and trucks, privately-owned passenger buses, railroads and vessels, adhere to the State's rates, rules and regulations governing transportation. In addition, it oversees the safety of railroad operations and grade crossings and of certain public rail transit systems.

As part of its administrative duties, the division issues licenses to operate and collect statutory fees.

MANAGEMENT SERVICES DIVISION

The Management Services Division provides numerous support services essential to the Commission's daily operation. The Division also carries out a number of statutory functions required by the Public Utilities Code. Among the program responsibilities of the Division are those concerned with Administrative Services, Data Processing, Personnel, Employee Training and Development, Fiscal Operations, and Budget Planning.

PUBLIC AFFAIRS DIVISION

The Public Affairs Division includes:

- The News Bureau, which keeps the public informed of PUC policy and action by means of the print and broadcast media and a variety of special publications.
- A Special Projects Unit, which arranges conferences, seminars and workshops and publishes documents related to them.
- The Consumer Affairs Branch which handles protests, complaints and inquiries from individual utility customers and keeps the Commission informed of consumer concerns.

DIVISION OF ADMINISTRATIVE LAW JUDGES

The Division of Administrative Law Judges assists the five Commissioners in discharging the quasi-Judicial/Legislative functions conferred upon the Commission by the California Constitution and Statutes. In essence, it is a support division that assists the Commission with its hearing process and analysis of evidence and recommendation presented in formal proceedings.

The following breakdown is a summary of Commission activity by days of hearing and number of decisions in formal proceedings.

CONSUMER AFFAIRS SUMMARY REPORT—1982/83

UTILITIES	SAN FRANCISCO	LOS ANGELES	TOTAL	CENTREX-TRANSFER	
Total Cases Filed	19,831	29,767	49,598	PG&E	2,429
Backlog Carryover	1,081	1,215	2,296	PT&T (NO)	4,016
Cases Closed	20,489	29,678	50,167	PT&T (NO)	4,698
				Gen'l Tel	2,326
Cases Still Open	423	1,304	1,727	Edison	1,778
				SoCal Gas	1,323
Money Refunded	$287,539.14	$480,123.21	$767,662.35		16,570
				CAB Filed	49,598
				TOTAL	66,168

CASE DETAIL	FILED			STILL OPEN			MONIES REFUNDED	
	S.F.	L.A.	TOTAL	S.F.	L.A.	TOTAL	S.F.	L.A.
Communications	9,703	14,530	24,233	153	581	734	$144,476.53	$270,753.47
Electric	5,774	5,570	11,344	161	270	431	76,732.24	136,688.62
Gas	2,515	7,874	10,389	93	364	457	62,912.95	43,650.99
Water	1,258	945	2,203	14	81	95	3,417.42	28,613.20
Other	581	848	1,429	2	8	10	—	416.93
TOTALS	19,831	29,767	49,598	423	1,304	1,727	$287,539.14	$480,123.21

NOTE: 1982–83 caseload decreased by 19,956 cases over 1981–82. Although gas complaints increased by 3,228 cases, a major reduction of 17,792 electric cases shows the result of a good hydro year and over a billion dollar decrease in electric rates.

ANNUAL HEARING/DECISION ACTIVITY REPORT FISCAL YEAR 1982–83

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branch	Ex. Session	Total
WATER AND SEWER UTILITIES								
Complaints	3	5	2	10	16	–	2	18
Rate Matters	18	28	10	56	29	2	8	39
Certification/Transfers	–	–	1	1	8	1	–	9
Miscellaneous	9	4	2	15	24	1	1	26
Commission Investigations	–	2	–	2	5	–	–	5
Finding of Just Compensation—Condemnation	6	–	–	6	3	–	–	3
	36	39	15	90	85	4	11	100
ELECTRIC UTILITIES								
Rate Matters	49	2	6	57	8	–	3	11
ECAC—(Energy Cost Offset)	64	11	5	80	11	–	4	15
Certification								
Power Plants	2	4	2	8	2	–	2	4
Transmission Line Siting	4	2	7	13	1	1	1	3
Deviations from Undergrounding Rules	3	–	–	3	4	–	2	6
Complaints	4	5	1	10	4	–	–	4
Miscellaneous	25	2	–	27	25	7	4	36
	151	26	21	198	55	8	16	79
GAS UTILITIES								
Rate Matters (General Rate Cases)	4	4	1	9	7	–	1	8
Gas Cost Offset—(Offset Matters)	34	12	–	46	9	–	6	15
LNG Siting	–	4	–	4	2	–	2	4
Complaints	–	2	1	3	4	–	–	4
Miscellaneous	–	–	–	–	9	3	3	15
	38	22	2	62	31	3	12	46

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branch	Ex. Session	Total
MULTI UTILITIES								
Gas and Electric (Rates)	46	1	62	109	10	–	6	16
Complaints	8	3	7	18	24	2	1	27
Commission Investigations	53	–	–	53	9	–	3	12
Miscellaneous	49	1	–	50	19	10	3	32
	156	5	69	230	62	12	13	87
TELEPHONE UTILITIES/COMMUNICATIONS								
Rate Matters (General Rates)	22	–	1	23	7	–	3	10
Commission Investigations	8	8	–	16	5	–	–	5
Terminal Equipment—PBX Sales—Pricing	6	–	–	6	1	–	–	1
Radio Telephone Utility (RTU) Certification	1	8	–	9	6	–	–	6
Complaints	8	11	1	20	36	2	6	44
Miscellaneous	23	2	7	32	12	6	1	19
	68	29	9	106	67	8	10	85
FINANCING/TRANSFER OF UTILITIES OR CONTROL								
Combined Gas & Electric Utilities	1	–	–	1	3	14	–	17
Gas (Only)	–	–	–	–	–	5	–	5
Electric (Only)	–	–	–	–	3	5	–	8
Telephone	11	–	–	11	4	13	–	17
RTU	–	–	–	–	–	2	1	3
Water/Sewer	2	2	5	9	20	9	1	30
	14	2	5	21	30	48	2	80

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branch	Ex. Session	Total
ALTERNATIVE ENERGY—CONSERVATION								
Zero Interest Financing Gas/Electric	–	–	–	–	4	–	–	4
Residential Conservation Service (RCS) Gas/Electric	–	1	–	1	2	–	–	2
Load Management (Electric Only)	–	–	–	–	1	–	–	1
Solar Financing—Demonstration Gas/Electric	–	–	–	–	2	9	–	11
Solar Related Matters Gas/Electric	–	–	–	–	3	2	2	7
Cogeneration—Small Power Production (Electric Only)	–	–	–	–	3	1	–	4
Individual Applications	5	2	–	7	1	2	1	4
	5	3	–	8	16	14	3	33
TOTAL UTILITY	468	126	121	715	346	97	67	510

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branch	Ex. Session	Total
HIGHWAY CARRIER RATES								
Rate Increase Applications and/or Minimum Rate Case Petitions for Modification	2	1	–	3	17	58	6	81
Applications for Deviations From Minimum Rates	9	4	–	13	44	24	–	68
Commission OIIs or OIRs Into Generic Rate Matters and/or Rules or Policy	8	7	–	15	12	–	2	14
I&S Complaints About Rate Levels	–	–	–	–	1	–	–	1
Complaints (Other Than Rate Levels)	–	2	–	2	4	–	–	4
Miscellaneous	3	–	–	3	7	12	3	22
	22	14	–	36	85	94	11	190
HIGHWAY CARRIER CERTIFICATION AND TRANSFER OF OPERATING AUTHORITY								
Common Carriers (Certificates)	–	–	–	–	72	17	2	91
Permitted/Specialized Carriers (e.g. Dump Truck)	1	3	–	4	37	2	–	39
	1	3	–	4	109	19	2	130
HIGHWAY CARRIER FINANCING ACQUISITION OF CONTROL								
Issue Stock, Bonds, or Acquire Stock Control of Entity	–	–	–	–	12	9	–	21
	–	–	–	–	12	9	–	21

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branch	Ex. Session	Total
SURFACE PASSENGER MATTERS								
Certification & Transfer of Operating Authority								
Passenger Stage	13	25	–	38	103	39	9	151
Charter-Party	3	8	–	11	61	1	–	62
Vessel	–	6	–	6	5	2	–	7
Rates								
Passenger Stage	4	–	–	4	5	29	–	34
Charter-Party	1	–	–	1	2	2	–	4
Complaints								
Passenger Stage	3	6	–	9	5	–	1	6
Vessel	1	–	–	1	2	–	1	3
Rail	5	–	1	6	3	–	2	5
BART	1	–	–	1	–	–	–	–
OIIs–OIRs								
Passenger Stage	–	–	–	–	2	–	1	3
Rail	1	6	–	7	1	–	1	2
Safety—Compliance/Safety Rules								
BART	–	–	1	1	2	–	–	2
	32	51	2	85	191	73	15	279
RAIL CROSSINGS								
Applications	4	2	–	6	4	40	–	44
	4	2	–	6	4	40	–	44
MISCELLANEOUS								
Pipeline	4	–	–	4	4	2	–	6
Surface Passenger Matters	3	–	–	3	37	14	1	52
	7	–	–	7	41	16	1	58
TOTAL TRANSPORTATION	66	70	2	138	442	251	29	722

ALJ HEARINGS
FISCAL YEAR 1982–83

Alderson	1
Baer	12
Banks	13
Boneysteele	32
Carlos	11
Colgan	27
Doran	28
Fraser	7
Gilman	11
Haley	11
Henderson	55
Jarvis	18
Johnson	40
Lemke	21
Levander	15
Main	24
Mallory	43
Mattes	17
Meaney	27
Mooney	19
Myers	48
O'Leary	24
Patrick	58
Pilling	11
Porter	74
Power	34
Squeri	24
Tomita	51
Turkish	30
Weiss	7
Wright	15
Wu	45
TOTAL	853

ANNUAL SUMMARY
FISCAL YEAR 1982–83

	Hearing Days				CPUC Decisions			
	SF	LA	Other	Total	ALJ Div.	Branch	Ex. Session	Total
TOTAL UTILITY	468	126	121	715	346	97	67	510
TOTAL TRANSPORTATION	66	70	2	138	442	251	29	722
GRAND TOTAL	534	196	123	853	788	348	96	1,232

Of the 1232 decisions, 116 decisions were issued by Executive Director order and 77 transportation decisions closed by Resolutions.

STATISTICAL SECTION UTILITIES

STATISTICAL SECTION (UTILITIES)

RATE REVISIONS
July 1, 1982 to June 30, 1983

Type of Utility	Rate Revision
Increases	
Gas	1,366,731,532
Steam	68,600
Electric	884,296,108
Communications	19,198,000
Water	14,328,696
Total	2,284,622,936
Reductions	
Gas	(67,925,585)
Steam	—
Electric	(1,000,116,977)
Communications	—
Water	—
Total	(1,068,042,562)
Net Change	
Gas	1,298,805,947
Steam	68,600
Electric	(115,820,869)
Communications	19,198,000
Water	14,328,696
Total	1,216,580,374

( ) = Reduction

FORMAL RATE PROCEEDINGS
DECISIONS EFFECTIVE JULY 1, 1982 TO JUNE 30, 1983
NATURAL GAS PROCEEDINGS

Application No.	Utility	Rate Increases ($) Requested	Authorized	Percent	
59316	Southern California Gas	$5,000,000	$5,000,000	100%	@
59788	San Diego Gas & Electric	10,783,000	10,783,000	100	*
60153	Pacific Gas & Electric	53,175,000	46,174,000	87	*
60700/1	Pacific Gas & Electric	(3,650,946)	(3,650,946)	100	@
60714	Southwest Gas Corporation	192,000	65,000	34	*
60714	Southwest Gas Corporation	(203,000)	(203,000)	100	+
60775	C. P. National	408,133	408,133	100	@
61081	Southern California Gas	414,000,000	219,798,700	53	*
82-01-27	Southern California Gas	7,765,000	7,011,000	90	@
82-04-52	C. P. National	168,367	116,019	69	+
82-04-53	C. P. National	885,490	586,845	66	+
82-04-52	C. P. National	8,235	8,235	100	@
82-04-53	C. P. National	(710,639)	(710,639)	100	+
82-07-05	Southwest Gas Corporation	8,645,669	5,837,800	68	*
82-08-51	Pacific Gas & Electric	187,964,000	47,630,000	25	+
82-09-10	Southern California Gas	4,228,000	4,228,000	100	@
82-09-11	Southern California Gas	3,970,000	3,970,000	100	@
82-09-12	Southern California Gas	733,724,000	396,124,000	54	+
82-09-12	Southern California Gas	(63,361,000)	(63,361,000)	100	+
82-09-19	Southern California Gas	25,656,000	25,656,000	100	@
82-09-20	San Diego Gas & Electric	1,801,000	1,801,000	100	@
82-09-21	San Diego Gas & Electric	57,500,000	39,002,800	68	+
82-09-21	San Diego Gas & Electric	93,000,000	9,403,000	10	+
83-01-62	Pacific Gas & Electric	252,711,000	145,843,000	58	+
83-03-14	Southern California Gas	397,285,000	397,285,000	100	+
	Total	$2,190,948,309	$1,298,805,947	59%	
	Pass Through Increases	$1,704,148,640	$1,016,147,447	60%	@ +
	General Rate Increases	486,799,669	282,658,500	58	*
	Total	$2,190,948,309	$1,298,805,947	59%	

STEAM PROCEEDINGS

52802	San Diego Gas & Electric	$41,000	$41,000	100% +
59788	San Diego Gas & Electric	27,600	27,600	100 *
	Total	$68,600	$68,600	100%

(Reduction)
* General Rate Proceeding
+ Offset Proceeding
@ Conservation Offset Proceeding

COMMUNICATION PROCEEDINGS

Application No.	Utility	Rate Increase Requested	Authorized	Percent
820101	Continental Telephone	$31,082,000	$13,730,000 *	53.8
60813	Roseville Telephone	6,693,000	2,468,000 *	36.9
	TOTAL	37,775,000	19,198,000	50.8

* General rate case.

WATER PROCEEDINGS

Application No.	Utility	Rate Increase Requested	Authorized	Percent
61143	SoCal Water Co.	$302,100	247,900*	82.1%
820122	San Gabriel Valley Water Co.	2,116,800	1,316,800*	62.2
820126	Del Este Water Co.	782,203	388,700*	49.7
820365	Azusa Valley Water Co.	552,210	344,506*	62.4
820427	CP National Corp.	744,617	393,200*	52.8
820215	Laguna Hills Sanitation, Inc.	990,100	340,500*	34.4
820247	Cal-American Water Co.	4,303,800	2,096,600*	48.7
820394	Cal Water Service Co.	2,161,200	1,689,700*	78.2
820395	Cal Water Service Co.	822,200	614,100*	74.7
820396	Cal Water Service Co.	1,364,800	944,500*	69.2
820397	Cal Water Service Co.	1,876,700	1,414,900*	75.4
820398	Cal Water Service Co.	2,790,000	1,268,300*	45.5
W3070	Cal Water Service Co.	239,800	163,200*	68.1
820822	SoCal Water Co.	438,000	118,800*	27.1
820826	SoCal Water Co.	648,700	287,200*	44.3
	Total Large Companies	$20,133,230	$11,628,906	57.8%

* General rate case: three-year step increase unless otherwise footnoted.

Application No.	Utility	Rate Increase Requested	Authorized	Percent
60303 Interim	Francis Land & Water Co.	$175,100	$52,500	30.0%
61020	Kernville Domestic Water Co.	36,850	22,180	60.2
60983	Santa Clarita Water Co.	2,060,400	1,694,200	82.2
61148	Hillview Water Co.	155,750	76,120	48.9
58520	Apple Valley Ranchos Water Co.	686,700	542,700	79.0
82-05-012	Cedar Ridge Water Co.	35,540	25,070	70.5
82-03-001	Borrego Springs Water Co.	189,300	92,620	48.9
82-02-039	Madera Ranchos Water Co.	62,290	43,540	69.9
82-04-005	Gibbs Ranch Water Co.	52,740	26,620	50.5
82-05-004 Sewer	Gibbs Ranch Sewer Co.	15,850	8,990	56.7
82-07-020	Yosemite Spring Park Utility Co.	483,170	77,860	16.1
600485 Sewer	Dean W. Knight & Sons, Inc.	26,660	20,020	75.1
82-06-143	Conlin Strawberry Water Co.	21,140	17,370	82.2
	Total Large Companies	$20,133,230	$11,628,906	57.8%
	Total Small Companies	4,001,490	2,699,790	67.5
	Total Water	$24,134,720	$14,328,696	59.4

TOTAL RATE PROCEEDINGS
HYDRAULIC BRANCH 1982–83 FISCAL YEAR

Type of Proceedings	No. of Proceedings	Increase Total Annual Revenues
Water		
General Rate Increase	45	$872,610
Offset Rate Increase	19	543,703
Others	13	–
ERTA *	1	10,637
General Rate Increase	11	$6,191,889
Offset Rate Increase	21	5,920,500
Step Increase	1	124,700
Sewer		
Offset Increase	1	578,200
*Other Advice Letters (by Resolution)	14	–
Rate Increase Resolution	98	–
Other than Resolution	320	–
Total Advice Letter filing	432	–

FORMAL RATE PROCEEDINGS
DECISIONS EFFECTIVE JULY 1, 1982 to JUNE 30, 1983
ELECTRIC PROCEEDINGS

Application No.	Utility	Rate Increases ($) Requested	Authorized	Percent	
59788	San Diego Gas & Electric	$44,689,000	$44,689,000	100%	*
60153	Pacific Gas & Electric	171,600,000	156,502,000	91.2	*
60560	Pacific Power & Light	1,650,000	1,650,000	100	*
60560	Pacific Power & Light	7,057,000	7,057,000	100	*
60700/1	Pacific Gas & Electric	(1,960,350)	(1,960,350)	100	@
60700/1	Pacific Gas & Electric	793,980	793,980	100	@
61035	Southern California Edison	(1,627)	(1,627)	100	@
61066/7	Southern California Edison	8,991,000	8,991,000	100	@
61138	Southern California Edison	1,247,500,000	566,758,000	45	*
61138	Southern California Edison	5,051,000	5,051,000	100	@
61138	Southern California Edison	9,177,000	9,177,000	100	+
82-04-50	C. P. National	1,772,900	1,406,460	79	*
82-04-50	C. P. National	89,841	89,841	100	@
82-04-51	C. P. National	403,500	359,827	89	*
82-06-08	Pacific Gas & Electric	(230,000,000)	(132,369,000)	58	+
82-08-09	Sierra Pacific Power	339,000	277,000	82	+
82-08-14	San Diego Gas & Electric	113,000,000	79,000,000	70	+
82-09-20	San Diego Gas & Electric	490,000	490,000	100	@
82-09-51	Pacific Gas & Electric	(371,000,000)	(385,000,000)	104	+
82-11-04	Southern California Edison	(264,600,000)	(286,799,000)	108	+
82-11-56	Pacific Power & Light	1,195,000	576,000	48	+
82-12-01	Sierra Pacific Power	1,485,000	1,428,000	96	+
83-01-61	Pacific Gas & Electric	No Change	(193,987,000)	—	+
	Total	$747,722,244	$(115,820,869)	(15.5%)	
	Pass Through Increases	$(726,950,156)	$(894,243,156)	123%	@ +
	General Rate Increases	$1,474,672,400	$778,422,287	53	*
	Total	$747,722,244	$(115,820,869)	(15.5%)	

(Reduction)
* General Rate Proceeding (Including Attrition Allowance)
+ Offset Proceeding
@ Conservation Offset Proceeding

TYPICAL GAS, ELECTRIC AND TELEPHONE BILLS
25 LARGEST CITIES IN THE UNITED STATES
as of June 30, 1983

City	Population 1980 Census	Gas 70 TH	Electric 500 kWh	Telephone * Flat Rate	Total Bill
Seattle	493,846	$48.56	$8.22 *	$11.15	$67.93
Memphis	646,356	35.33	25.22 *	11.05	71.60
SAN FRANCISCO	678,974	38.35	29.55	7.50	75.40
Denver	491,396	40.99	28.71	7.16	76.86
New Orleans	557,482	35.85	28.08	13.40	77.33
Dallas	904,078	29.72	41.63	10.10	81.45
SAN JOSE	625,763	48.28	29.55	7.50	85.33
San Antonio	785,410	38..53	38.18 *	9.55	86.26
LOS ANGELES	2,966,763	51.02	29.46 *	7.50	87.98
Jacksonville	540,898	41.40	36.15 *	11.25	88.80
Indianapolis	700,807	44.95	30.81	13.83	89.59
St. Louis	453,085	49.02	33.24	9.55	91.81
Phoenix	764,911	40.88	42.54	9.21	92.63
Detroit	1,203,339	49.78	32.27	11.13	93.18
Houston	1,594,086	41.17	42.02	10.75	93.94
Chicago	3,005,072	42.01	45.87	6.30 ***	94.18
Baltimore	786,775	49.55	36.99	11.82	98.36
Washington, D.C.	637,651	58.78	32.08	8.83	99.69
Columbus	654,871	49.28	38.04	12.95	100.27
Milwaukee	636,212	49.70	38.20	13.00	100.90
Cleveland	573,822	39.53	52.09	12.95	104.57
Philadelphia	1,688,210	54.95	44.66	10.01	109.62
Boston	562,994	59.48	49.45	10.60	119.53
SAN DIEGO	875,504	48.84	64.22	7.18	120.24
New York	7,071,030	66.08	77.35	8.03 ***	151.46

* Public power utility

*** Message rate service

RATE CASE PROCESSING PLAN
1982–83

MAJOR ENERGY UTILITIES	STATUS	DAYS PLAN	DAYS ACTUAL
1. Southern California Edison	NOI Filed 10/19/81	–60	–60
A-61138	Applic. Filed 12/18/81	1	1
	Prehearing Conf. 3/4/82	8	77 [1]
	Pub. Hearing Held	40–74	75–82
	3/2/82–3/9/82	80–200	97–201
	Hearings Comm. 7/12–82		
2. Southern California Gas Co.	NOI Filed 9/1/81	–60	60
A-61081	Applic. Filed 11/30/81	1	1
	Prehearing Conf. 3/4/82	8	95 [1]
	Pub. Hearing Held	40–74	92–94
	3/1/82–3/3/82		
	Hearings Comm. 7/7–82	80–200	99–220

[1] Hearings held on same day in Los Angeles.

OFFSET & GENERAL RATE INCREASES
MAJOR GAS & ELECTRIC UTILITIES FISCAL YEAR 1982/83
(-000- OMITTED)

Company	Type of Proceeding	Application No.	Date Filed	Amount Request
Pacific Gas and Electric Company	GAC	820851	8/24/82	187964
	GAC	830162	1/31/83	252711
	ECAC	820608	6/3/82	230000
	ECAC	820951	9/30/82	(371000)
	ECAC	830161	1/31/83	No Change
	General(E)	60153	12/23/80	171600
	General(G)	60153	12/23/80	53179
Total				524454
San Diego Gas & Electric Company	CAM	820921	9/15/82	57500
	CAM	820921	9/15/82	93000
	ECAC	820814	8/5/82	113000
	General [1](G)	59788	7/2/82	10783
	General [1] (E)	59788	7/2/82	44689
Total				318972
Southern California Edison Co.	AER	61138	12/18/81	9177
	ECAC	821104	11/1/82	(264600)
	General	61138	12/18/81	1247500
Total				992077
Southern California Gas Co.	CAM	820912	9/8/82	396124
	CAM	820912	9/8/82	(63361)
	CAM	830314	3/8/83	397285
	General	61081	11/30/81	414000
Total				1144048
Grand Total				2979551

[1] Attrition Proceeding
Note: E = Electric
Note: G = Gas

OPERATING REVENUE OF LARGE UTILITIES IN CALIFORNIA
YEARS 1973 THROUGH 1982

End of Year	Gas *	Steam	Electric	Water	Telephone	Total	Annual Increase
	(Dollars in Thousands)						
1973	$1,320,123	$1,982	$2,113,306	$118,627	$2,342,290	$5,896,328	-%
1974	1,473,583	1,837	2,690,982	123,659	2,574,460	6,864,521	16
1975	2,023,325	2,747	3,069,852	135,638	2,850,650	8,082,212	18
1976	2,215,931	3,342	3,549,868	156,292	3,500,196	9,425,629	17
1977	2,596,509	3,327	4,437,762	151,587	3,875,405	11,064,590	17
1978	2,806,942	3,834	4,943,436	161,986	4,267,539	12,183,737	10
1979	3,796,111	3,786	5,038,932	178,173	4,640,500	13,657,502	12
1980	5,024,015	4,315	7,199,207	199,744	5,371,553	17,798,834	30
1981	5,387,580	5,214	8,176,299	220,281	6,299,403	20,088,777	13
1982	6,422,505	7,130	9,400,542	235,114	7,385,532	23,450,823	17
Annual Compounded Growth Rate 1973–1982	17.1%	13.7%	16.1%	7.1%	12.2%	14.8%	

* Revenue less interdepartmental sales.

UTILITY PLANT OF LARGE UTILITIES IN CALIFORNIA YEARS 1973 THROUGH 1982

End of Year	Gas	Steam	Electric	Water	Telephone	Total	Annual Increase
	(Dollars in Thousands)						
1973	$2,724,386	$7,303	$9,222,695	$619,480	$7,790,210	$20,364,074	–%
1974	2,873,115	7,073	9,787,542	649,666	8,349,379	21,666,775	6
1975	3,048,225	7,209	10,308,529	675,697	9,147,861	23,187,521	7
1976	3,243,001	9,989	10,839,445	689,946	9,868,591	24,650,972	6
1977	3,402,538	10,385	11,462,374	726,664	10,679,353	26,381,314	7
1978	3,571,350	10,485	12,235,252	789,126	11,676,421	28,282,634	7
1979	3,764,462	10,625	12,895,178	810,625	12,791,650	30,272,540	7
1980	4,001,702	10,828	13,741,226	866,479	14,507,234	33,127,469	9
1981	4,273,531	10,284	14,718,839	863,836	15,964,162	35,830,652	8
1982	4,428,334	10,730	15,715,885	912,587	17,725,438	38,792,974	8
Annual Compounded Growth Rate							
1973–1982	5.0%	3.9%	5.5%	4.0%	8.6%	6.7%	–

CUSTOMERS OF LARGE UTILITIES IN CALIFORNIA YEARS 1973 THROUGH 1982

End of Year	Gas	Steam	Electric	Water	Telephone	Total	Annual Increase
	Customers in Thousands						
1973	6,133	0.4	6,078	1,052	8,361	21,625	3%
1974	6,258	0.4	6,252	1,068	8,607	22,186	3
1975	6,417	0.4	6,404	1,099	8,897	22,818	3
1976	6,556	0.3	6,577	1,124	9,212	23,470	3
1977	6,722	0.3	6,795	1,106	9,671	24,295	4
1978	6,894	0.3	7,007	1,124	10,022	25,047	3
1979	7,067	0.3	7,233	1,138	10,461	25,899	3
1980	7,203	0.3	7,420	1,150	10,785	26,558	3
1981	7,328	0.3	7,546	1,100	10,910	26,884	1
1982	7,384	0.3	7,624	1,004	10,936	27,048	1
Annual Compounded Growth Rate							
1973–1982	2.0%	(2.9)%	2.3%	0.5%	2.7%	2.3%	–

(Red Figure)

STATISTICAL SECTION TRANSPORTATION

STATISTICAL SECTION TRANSPORTATION

MINIMUM RATE TARIFF INCREASES FISCAL YEAR (82–83)

Transportation	Percent Increase	Dollar Increase (In Thousands)
Livestock MRT 3-A	80	$1,032
Household Goods MRT 4-B	96	12,000
Autos MRT 12-A	475	1,700
Bulk Agricultural Commodities MRT 14-A	70	7,500
Dump Truck MRT 7-A	50	13,700
MRT 17-A	—	3,900
MRT 20	—	2,166

TARIFF & LICENSE BRANCH STATISTICS SECTION (82–83)

Tariff and Contract Filings	Number of Carriers
Adopted Minimum Rate Tariffs and Transition Tariffs	2,329
Participate in Bureau or Agency Tariffs	1,245
Publish Own Tariffs	187
File Subhaul Affidavits	3,650
Contracts (Other Than Rate Reductions and Me Too)	10,929
Competitive Rate Filings (Me Too)	1,787

Tariff Filings	Number of Carriers	Number of Tariffs on File
Railroads	32	201
Highway Common Carriers	8,871	294
Cement Carriers	198	N/A
Express Corporations	14	120
Freight Forwarders	35	37
Vessels	8	10
Pipelines	6	28
Carloading Companies	1	4

Insurance and Bond Filings of Highway Carriers of Property (p. 21 supra.)

SUMMARY OF ROAD CHECKS
(Interstate)
82-83

	Number
Road Checks	41
Carriers Reviewed	6,844
Violation Disclosed	1,319
Man-Days at Check Site	574

SUMMARY OF ROAD CHECKS
(Intrastate)
82-83

	Amount
Road Checks	7
Carriers Reviewed	176
Violation Disclosed	24
Man-Days at Check Site	20

DISTRICT OFFICE ACTIVITIES
82-83

	Amount
Telephone Injuries	$118,744
In Person Injuries	33,909
Application for New Operative Authority Processed	3,833
Amendments of Existing Operating Authority Processed	165
Remittance Processed (fees, fines, penalties, etc.)	$1,205,243

SUMMARY OF INVESTIGATIONS COMPLETED
82-83

	Number
OPERATING AUTHORITY	
Highway Carriers of Property	2,668
Charter Party Passenger Carriers	364
RATE AND TARIFF	
Highway Carriers of Property	3,012
Surety Bond Investigations	888
Total Investigations	6,932

SUMMARY OF INFORMAL COMPLAINTS
82–83

	Number	Amount
Delinquent Subhaul Monies Secured from Prime Carriers	213	$357,255
Household Goods Carrier Complaints	733	
Property Complaints other than Household Goods	1,846	
Household Goods Overcharge Settlements	134	44,887
Other Property Overcharge Settlements	38	6,556
Household Goods Loss & Damage Settlements	51	11,624
Other Property Loss & Damage Settlements	30	15,400
Household Goods Carrier Fines	28	6,474

INFORMAL DISCIPLINARY ACTIONS
(82–83)

Type of Action	Number	Amount	Fines Assessed
Carrier Conferences			
Certificated	70	$	$
Radial & Contract	278		
Household Goods	61		
Dump	82		
Other	49		
TOTAL	540		
District Attorney Citations			
Certificated	0		
Radial & Contract	11		
Household Goods	5		
Dump	0		
Other	1		
TOTAL	17		
Misdemeanor Convictions			
Certificated	1		800
Radial & Contract	25		6,871
Household Goods	3		300
Dump	32		4,650
Other	19		4,173
TOTAL	80		16,794
Undercharge Letters	49	31,566	
Overcharge Letters	11	2,550	
Citation Forfeitures	127		93,400
Undercharge Citations	67		318,180

FORMAL INVESTIGATION PROCEEDINGS
82–83

Formal Cases submitted, 11 OII's issued by the Commission, 6.

FORMAL DISCIPLINARY ACTIONS

Decisions 4 Totaling: $11,500.00 Punitive; $3,804.92
Undercharges; $16,213.34 Other; $75.69
Totalilng $31,593.95 in fines ordered.
Collected from Formal Cases $58,917.05

INSURANCE AND BOND FILINGS OF HIGHWAY CARRIERS OF PROPERTY (82–83)

Public Liability and Property Damage	29,777
Cargo Insurance (Household Goods Carriers)	1,493
Insurance Cancellations	24,333
Insurance Reinstatements	2,907
Surety Bond and C.O.D. Bonds	1,906
TOTAL	$60,326

GRADE CROSSING ACCIDENTS 1982

Type of Accident	Number of Accidents	Persons Killed	Persons Injured
Vehicle—Train Accidents			
At Public Crossings	312	31	105
At Private Crossings	48	2	13
Between Crossings	1	1	—
Subtotal	361	34	118
Other Accidents			
Miscellaneous	9	1	3
Pedestrian Accidents	7	4	3
Subtotal	16	5	6
TOTAL	377	39	124

"Vehicle" includes automobile, bus, truck, or motorcycle.

"Between Crossings" accidents take place where railroad trains operate longitudinally in paved streets.

"Miscellaneous" includes those accidents where the train struck a bicycle, farm tractor or similar conveyance, and those incidents involving a maintenance train.

HIGHWAY CARRIER OPERATING AUTHORITIES PROCESSING OF HIGHWAY CARRIER PERMITS AND CERTIFICATION IN FISCAL 82–83 INCLUDES:

Permits	
New Permits	3,846
Transfers	1,503
Revocations	5,059
Motor Transportation	
Broker Licenses	1
TOTAL	$10,409

Certificates	
New Certificate and Extensions	32
Transfers	102
Revocations	718
TOTAL	$852

SUMMARY OF GRADE SEPARATION PROGRAM 1982–83 FISCAL YEAR

Name of Project	Local Agency		State's Share
Arden Way *	Sacramento	SPT	$662,638.22
Coronado Avenue	San Diego	MTDB	2,656,000.00
Bake Parkway	Irvine	AT & SF	580,000.00
Irvine Lowering	Irvine	AT & SF	5,000,000.00
Gilbert St.	Fullerton	AT & SF	4,060,000.00
Union/24th St.**	Bakersfield	SPT	2,041,361.78
TOTAL			$15,000,000.00

* Supplemental allocation

** Partial allocation—remainder of $5,000,000 allocation guaranteed from 1983–84 appropriation.

AUTOMATIC PROTECTION INSTALLED AT GRADE CROSSINGS—1982

County	Column I New Crossings With Automatic Protection	Column II Initial and Improved Automatic Protection	Column III Automatic Gates (Included in Columns I & II)
Alameda	2	2	1
Butte		4	4
Contra Costa		2	1
El Dorado		1	
Fresno		2	1
Kings		1	1
Los Angeles	5	18	14
Madera		4	4
Mendocino		2	2
Merced		6	5
Monterey	1		1
Orange	3	1	2
Placer		1	1
Riverside	1	3	1
Sacramento	1	7	3
San Bernardino	2	5	7
San Diego	1	4	5
San Francisco		1	1
San Joaquin		19	15
San Luis Obispo		1	1
San Mateo	1		
Santa Barbara	1		1
Santa Clara	1	4	4
Santa Cruz		2	2
Shasta		1	1
Sonoma		3	3
Stanislaus		4	3
Sutter		3	3
Tehama		4	4
Tulare		5	5
Tuolumne		1	1
Ventura	2	1	
Yolo		2	
Total	21	114	97

SUMMARY OF ALLOCATIONS FROM THE CROSSING PROTECTION FUND AS OF JUNE 30, 1983

Action on Requests	Requests	Total Estimated Cost	Total Allocation Requests	Allocations to Cities-Counties
Approved	2,896	60,567,182	14,154,547	13,611,843
Denied	39	410,479	98,694	–
Pending	–	–	–	–
Total Requests Filed	2,935	60,977,661	14,253,241	13,611,843

Returned to Fund (Final Cost Less Than Allocations)	$1,445,144
Net Amount Allocated to Cities and Counties	$12,166,699
Total Amount Appropriated	$13,000,000
Amount Reverted	$536,838
Unallocated Balance in Fund	$300,000
Pending Allocation Requests	$—

SAFETY PROGRAM—RAILROAD OPERATIONS

The table below summarizes the staff functions in dealing with problems and in obtaining compliance with several State statutes and Commission General Orders applying to the health and safety of common carrier railroads, operating and non-operating employees, passengers, and the public.

	1978–79	1979–80	1980–81	1981–82	1982–83
1. Accident Reports analyzed and tabulated (calendar year)	3680	3235	3180	3025	2613
2. Accidents investigated in detail (calendar year)	273	187	213	175	198
3. Impaired clearance conditions processed	1704	1470	825	533	320
4. Walkways and other unsafe conditions processed	2560	2047	1686	1057	891
5. Informal Complaints filed	222	180	238	158	102
Informal Complaints closed	—	—	—	872	125
6. Supplemental Surveys	—	—	—	1196	2034
7. Federal Safety Standards Unit Equipment Inspections	—	—	—	248	336
Track Inspections	—	—	—	76	250

The 1982–1983 figures on the graph above highlight several trends that are ongoing in the work performed by the Railroad Operations and Safety Section.

1. Railroad Accident Reports and Informal Complaints received by the Commission have declined in number reflecting the reduced operating hours worked by railroad employees during the current economic recession.
2. Railroads are not correcting impaired clearances and inadequate walkway conditions as fast as they have in recent past years as noted by the declining numbers of these conditions processed by the Staff for closing. This is due in large part to heavy carrier cutbacks of employees in the Maintenance of Way area during the current period of reduced economic activity.
3. Supplemental Surveys opened by the Staff increased in both numbers of reports and by item counts indicating a vigorous effort being made by the staff to call unsafe conditions to the carriers' attention.

1982–83 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE SERVICES

NEW RECREATIONAL AND SIGHTSEEING PASSENGER STAGE SERVICES

Application Number	Decision Number	Certificate Issued To	For Service Between
57075	82-09-078	Sturon International, Inc.	Hotel area Buena Park, et al
59253	82-07-108	Commuter Bus Lines, Inc.	Santa Anita Racetrack, extended to Santa Ana
*60098	82-02-113	Gray Line Tours Co.	Foreign Language tours, L.A., Hollywood, et al (interim)
60126	82-07-059	E. Johnson (Bay Area Ski Assn.)	Seasonal ski tours, Alameda & Contra Costa & points in Sierra Nevada
60166	93745	California Pacific Coast Tours, Inc.	S.F. & Roaring Camp, et al
*60359	93854	American Camping Tours, Inc.	S.F., et al (interim)
60402	93552	Outdoorsman Hot Bus	Bishop & Bishop Creek area
*60406	82-01-082	Grayline Tours, Inc.	Additional tours, Sausalito & Muir Woods
60424	82-05-041	Gray Lines, Inc.	Yosemite National Park, et al, extended
60565	82-06-100	Sundance Stage Lines	San Diego County & Mammoth Resort areas
*60630	93704	K. Branden (The Pine & The Park Tour Serv.)	Santa Barbara, et al
60699	93616	Y. Walker, et al (Travel Fantasies aka Fantasy Trippe)	S.F., et al
60749	82-07-050	Kim Pac Trading Corp. Inc. (K. P. Travel Service)	San Leandro & Napa et al (interim)
*60822	82-08-090	R. S. Jagelski	San Jose, et al (interim)
*60869	82-01-078	J. Whitridge III	Napa, et al (interim)
*60920	82-02-037	France-California Tourist Service Corp.	S.F. & Points in California (interim)
60947	93882	Snow Summit Ski Corp.	San Diego County, et al, & Snow Summit Ski area
*61097	82-02-119	Holiday Tours	S.F. & Treasure Island (interim)
*61098	82-02-120	Holiday Tours	S.F. & Marin County (interim)
*61129	82-02-121	B. A. Immendorf (Visual Adventours)	S.F., et al (interim)
*61140	82-03-084	Tour Service, Ltd.	S.F., et al (interim)
82-01-29	82-06-047	Abbey Transportation System Inc.	Fresno County & S.F. (interim)
*82-02-11	82-06-034	TC Riviera, et al	Points in Fresno County, et al
*82-02-26	82-05-059	R. W. Bergh, et al	Hotels & motels, Anaheim & Universal Studios
*82-02-33	82-06-035	C. H. Sin	Points in L.A. County, S.F., et al

			(interim)
*82-02-53	82-08-094	Joy-Tak, Inc.	Points in S.F. for Japanese tourists
*82-02-66	82-07-031	A. Bucar (Fiesta Tours)	S.F. Monterey, San Diego, et al (interim)
*82-03-03	82-07-072	Casablanca Tours	L.A., Disneyland, et al (interim)
*82-03-08	82-06-044	Allstate Charter Lines	Fresno, Merced, Madera, Tulare, Kings Counties (interim)
82-03-22	82-05-051	Pinetree Service Corp.	L.A. County, et al, extended
*82-03-39	82-07-036	G. Rosenberg (Gale Warning Tours)	S.F. & Wine Country, on call (interim)
*82-03-40	82-06-031	K. Mousette, et al (TOU Shuttle Columbia Co.)	L.A. County, et al, multilingual
*82-03-48	82-07-069	S. Bauhofer, et al (Vintage Tours)	S.F., et al & Sonoma, on call (interim)
*82-03-81	82-06-085	Durham Stage Lines, Inc.	L.A., Orange County & Death Valley (interim)
*82-03-93	82-07-073	RTR, Ltd.	S.F. hotels & Napa County, et al (interim)
*82-03-107	82-07-070	D. McCoy (McCoy's Charter Service)	Fresno County & S.F. (interim)
*82-03-110	82-08-104	D. Felso	Expanded Service, adding S.F., Alcatraz, Marin
*82-05-02	82-10-054	L. Spellman, et al	S.F. & Marin County, et al (interim)
*82-05-43	82-10-062	El Paseo Tours, Inc.	San Diego, et al & points in San Diego County (interim)
*82-05-46	82-06-037	R. H. Davis (Mini Charter)	S.F. et al, extended
82-06-20	82-08-040	Sturon International, Inc. (The Co-Ordinators)	Orange County & points in L.A. & San Diego Counties
82-06-32	82-09-032	GWS Enterprises, Inc.	Gianella Bridge & Chico Landing
*82-06-44	82-09-039	J. Fernandini-Altabas (Multilingual Tours)	S.F., et al (interim)
*82-06-63	82-09-085	G. T. Davidson, et al (Roadrunner Sightseeing Tours)	Palm Springs & Riverside, et al (interim)
*82-06-74	82-10-035	Holo Holo Tours, Inc.	San Luis Obispo County, et al (interim)
*82-07-36	82-10-056	Chaparral Tours, Inc.	El Centro & points in San Diego County, et al (interim)
82-07-41	82-10-011	Pinetree Service Co., Inc.	Points in L.A. County, extended (interim)
*82-07-45	82-10-057	Mountain & Beach Walks, Inc.	L.A. County, et al (interim)
*82-08-11	82-11-067	Anzac California Tours and Limousine Service	Points in L.A. & Orange Counties (interim)
*82-08-28	82-11-031	L. E. Limo (Luis Limo Charter)	Glendale, et al & Disneyland & Knott's Berry Farm (interim)
82-08-37	82-11-063	M.A.P.P. USA	L.A. County, Marina Del Rey, et al (interim) S.F. County, Marina Del Ray, et al (interim)
*82-08-38	82-12-029	The Best of S.F. Tours, Inc.	S.F. & points in California (interim)
82-08-55	82-12-030	Funbus Systems, Inc.	Points in Orange & L.A. Counties (interim)
*82-09-03	82-12-037	Vada Inc. (The Great Pacific Tour Company)	S.F. & Marin County (interim)
82-09-16	82-12-083	Orange Coast Sightseeing Co.	Anaheim, et al & San Diego, et al
*82-10-21	82-12-038	A. Vertucci (Aames Tours)	Palm Springs (interim)
83-01-36	83-04-048	D. Abhari (Valley Ski Coach Company)	L.A. & Mammoth Mountain

* Round trip sightseeing certificates revoked D.83-05-108.

1982–83 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE SERVICES

NEW AIRPORT ACCESS PASSENGER STAGE SERVICES

Application Number	Decision Number	Certificate Issued To	For Service Between
59507	91814	Y. Suzuki (SF Air Tours)	Downtown S.F. hotels and Hayward Air Terminal
59522	92424	OR Investment Corp.	Solano County & Oakland International Airport
60350	93607	Sonoma County Airport Express, Inc.	Petaluma, et al, extend service
60523	82-06-100	Sundance Stage Lines, Inc.	San Diego International Airport & L.A. International Airport
60596	93698	Airport Express of Stockton	Stanislaus County, et al
60598	82-06-100	Pinetree Service Corp.	Bakersfield & L.A. International Airport
60662	93718	M. Evans (Mid-Cities Airport Express)	City of Commerce, et al & L.A. International Airport
60670	82-03-029	24-Hour Airport Express, Inc.	L.A. International Airport & Ontario Airport, et al
60689	93609	F. J. Solorio	S.F. International Airport & Santa Clara, et al, extended
60789	82-06-100	NRS Inc. (Fleetwood Limousine Service)	San Diego International Airport & San Clemente, et al, extended
60805	82-06-100	W. Carroll (Airport Stage Lines)	L.A. International Airport, et al, San Diego County
60959	82-04-056	G. De Forest MacIntyre	Simi Valley & L.A. International Airport
61062	82-02-054	M. Guerin (Adventours)	L.A., Glendale & Pasadena-Burbank Airport
61124	82-04-054	Sonoma Airporter Inc.	Extends service by additional "on call" stops, S.F.
61159	82-11-072	Ventura Transportation, Inc. (Burbank Flyer)	Ventura County, et al & Burbank Airport
82-01-09	82-04-037	B. Mallibert et al (Central Coast Transportation Co.)	Paso Robles, et al & L.A. International Airport
82-01-51	82-08-102	L. R. Munoz (Stagecoach)	L.A. International Airport & Port of L.A., et al
82-01-52	82-07-057	M. Ness (San Diego Airport—El Centro Express)	San Diego Airport—El Centro
82-02-20	82-09-045	Eastbay Airporter, Inc.	Oakland, Oakland Airport, & S.F. International Airport
82-02-21	82-04-105	M. J. Kekoe (Federal Shuttle Systems)	Points in Stanislaus County, et al & S.F. International Airport
82-03-44	82-08-103	M. F. Sims (Sims Executive Van Service)	L.A. & Hollywood & L.A. International Airport
82-03-102	82-10-067	E. Onnen et al (Santa Barbara Airbus)	Santa Barbara, et al & L.A. International Airport
82-03-104	82-07-109	M. J. Adriansen (Adriansen's Airport Express)	Points in Santa Barbara County & Santa Barbara Airport
82-03-111	82-09-031	Santa Rosa Airporter Inc. (Ukiah Airport Connection)	Ukiah, et al
82-04-62	82-08-087	P. L. Robinson (Great American Stage)	Folsom & Sacramento Metropolitan Airport
82-05-52	82-10-033	J. D. Harris (Petaluma Limousine Service)	Points in Sonoma, Marin Counties & S.F. International Airport
82-07-67	82-11-008	R. Daoudi (AAA Airport Shuttle)	Points in L.A. County, et al & L.A. International Airport, on call
82-08-21	82-12-035	R. L. Miller (County Club Limousines)	Bermuda Dunes, et al & Ontario Airport
82-10-01	82-12-085	A. A. Moorefield (Sunworld Airport Van Service)	Bloomington, et al & L.A. International Airport
82-10-37	83-01-042	Wilmington Cab Company of California (The Super-Shuttle)	Carson, et al & L.A. International Airport
82-10-46	83-04-030	Angelus Limousine Service	L.A. & Orange Counties & L.A. International Airport, on call
82-10-64	83-02-056	D. M. Coddington (High Desert Passenger Service)	High Desert area of San Bernardino County & Ontario Airport
83-01-26	83-05-088	R. A. Mann, Inc. (Global Tour Operators Airport Transportation)	Orange County & L.A. International Airport

1982–83 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE SERVICES

NEW "HOME-TO-WORK" PASSENGER STAGE SERVICES

Application Number	Decision Number	Certificate Issued To	For Service Between
58160	93800	Douglas Bus Lines	Site of LNG Terminal and points within 75 miles
58378	93800	W. H. Hunt (Hunt Transportation)	Site of LNG Terminal and points not limited to 75 mile radius.
60173	93650	Whippet Charter Service, Inc.	Livermore & United Airlines Maintenance
60279	92904	R. E. Ibold (Blossom Valley Commute)	San Jose & United Airlines
60292	93350	R. W. Morgan	Fairfield & Mare Island (Naval Shipyard)
60532	93386	D. Clemente (Dennis Charter Service)	Vacaville, Fairfield, et al, permanent cert.
60538	82-07-107	Commuter Bus Line	Long Beach, temporary cert.
60823	82-01-93	R. L. Williams	Fort Bragg, et al
60996	93858	Commuter Club Number 1	Solano County & Alameda Naval Air Station
61051	82-01-043	Commuter Bus Lines	Santa Clara Valley & L.A., et al
61160	82-07-053	E. Chapman	San Bernardino & Marine Corps Base, Barstow
82-01-42	82-04-039	G. A. Magana (Desiree's Transportation)	Individual Homes of Regional Center Clients & Training areas, L.A. (temp.)
82-02-30	82-09-052	Multi-Trans, Inc.	Vacaville & Mare Island Naval Shipyard
82-03-99	82-05-060	C. W. McGill, Jr. (Rasejil, Inc.)	Livermore & Sunnyvale
82-04-16	82-05-068	Commuter Bus Lines, Inc.	Mira Loma & Downey, et al
82-04-63	82-11-029	W. H. Hunt (Hunt Transportation)	Points in Orange County & El Segundo/Inglewood area
82-06-40	82-10-014	Private Industry Council of Ventura County	Camarillo & points in Ventura County, et al, permanent
82-06-49	82-08-041	A. Dulay et al (Delano Visalia Bus Pool)	Points in Delano County & Visalia
82-07-34	82-09-088	Antelope Valley Bus, Inc.	Santa Clarita Valley & L.A.
82-03-35	83-05-099	AAA Charter Bus Inc.	Simi Valley & L.A.

1982–83 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR PASSENGER STAGE SERVICES

NEW INTERCITY PASSENGER STAGE SERVICES

Application Number	Decision Number	Certificate Issued To	For Service Between
59518	91939	Abbey Transportation System, Inc.	Avenal et al and Hanford
62222	93184	Greyhound Lines, Inc.	Thousand Oaks and Moorpark
60559	93242	Kern County Transportation Services (K.A.R.E.)	Mojave et al, extended
60728	93516	San Luis Transportation Inc. (Central Coast Transport)	Grover City, et al
60930	82-02-023	Marin Senior Coordinating Council	Marin County & San Francisco
61085	82-04-030	Luis Limo Charter	Glendale, et al & Marina Del Rey
82-01-12	82-04-061	San Luis Transportation, Inc.	San Luis Obispo & Atascadero
82-02-55	82-06-038	Lake Arrowhead Transportation Co.	Points In Lake Arrowhead area
82-05-53	82-08-022	H.R. Wade (Marin Charter Service)	Bolinas & Strawberry, Marin County
82-06-17	82-09-048	A.B. Carpoff (COSTA)	Points in Contra Costa County, on call
82-08-53	83-02-021	J. Fierro et al (Tijuana Express)	Santa Ana & San Ysidro
92-09-01	83-01-030	Emerald Empire Transportation System, Inc. (aka Westwind Limousine Service)	L.A. & San Diego, Santa Barbara
82-09-05	83-04-051	R. Wright (W.T.E. Line)	L.A. & San Ysidro
82-10-08	83-02-026	Hudson General Couch Lines, Inc.	East L.A. & Huntington Park
82-10-19	83-02-027	D.M. North et al (Arrow Transit)	L.A. County & Long Beach Naval Support Facility
82-10-29	83-01-045	J. James (Seville Bus Lines)	Moraga & San Francisco
83-03-30	83-06-030	D.M. North et al (Arrow Transit)	Camp Pendleton Marine Corps Base & San Diego

1982–83 FARE INCREASES SURFACE PASSENGER CARRIERS

Application Number	Decision Number		ESTIMATED ANNUAL INTRASTATE REVENUE Under Present Fares	Under Fares Authorized
59603	93656	Great American Stage Line, Inc.	$1,138,367	$1,215,830
59846	92740	Trailways, Inc.	2,710,700	3,171,600
59899	92975	Greyhound Lines, Inc.	47,539,000	49,820,000
60205	93218	C. Berghout	1,500	6,429
60298	93354	Golden State Limousine, Inc.	50,000	304,770
60474	93295	Desert Stage Lines	15,000	40,781
60530	93179	J.D. Smith (Smith's Charter Bus Service)	43,000	71,280
60704	93751	Greyhound Lines, Inc.	67,930,000	70,638,000
60876	93623	Gray Line, Inc.	4,879,100	6,505,400
60963	82-01-092	Trailways, Inc.	(1,994,000)	(1,603,000)
61011	93824	Kern County Transportation Services, Inc. (K.A.R.E.)	6,500	9,400
61024	82-04-060	Yosemite Park & Curry Co.	634,049	793,004
61056	82-07-051	C.V. Commute Service	17,774	25,000
61109	82-07-052	Marin Airporter, Inc.	547,000	588,000
82-01-14	82-04-038	Luxe Livery Service, Inc.	2,707,000	2,908,000
82-02-01	82-05-064	24 Hour Airport Express, Inc.	1,943,000	2,144,000
82-02-31	82-06-035	Golden State Limousine, Inc.	295,748	325,323
82-03-42	82-08-093	Mark IV Charter Lines, Inc.	120,552	140,000
82-05-44	82-10-034	R.L. Curtis (Bob's Ride)	114,000	159,600
82-06-22	82-07-061	A. Dulay et al (Delano/Visalia Bus Pool)	18,048	24,966
82-06-64	82-10-020	Hi-Way Tours, Inc.	93,300	108,800
82-07-38	82-11-079	Desert Stage Lines	554,053	609,456
82-07-58	82-10-012	Starline Sightseeing Tours, Inc.	3,303,000	3,419,200
82-08-17	83-01-018	R.E. Parks (Parkway Stage)	103,241	125,810
82-10-14	83-01-025	J. R. Foster (Foster's Transportation Service)	31,100	34,416
82-10-36	83-01-035	J. C. Morris (Fillmore Area Transit Corp.)	120,114	127,665
83-10-49	82-12-066	Private Industry Council of Ventura County, Inc.	86,100	123,000
83-03-26	83-05-071	Great American Stageline, Inc.	2,165,500	2,455,800

1982–83 DECISIONS GRANTING NEW COMMON CARRIER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR VESSEL COMMON CARRIER SERVICES

Application Number	Decision Number	Certificate Issued To	For Service Between
59900	92621	Skipper's 22nd Street Landing	San Pedro and San Miguel Island, et al
60379	93291	Catalina Channel Express	L.A. Harbor & Santa Catalina Island
60411	82-07-110	Pacific Towboat & Salvage	L.A. Harbor, Long Beach et al

APPENDIX

UTILITIES AND CARRIERS UNDER COMMISSION JURISDICTION
1982–83

Electric Utilities	11
Gas Utilities	5
Telephone	25
Telegraph	1
Mobile Radiotelephone Utilities	52
Water Utilities	297
Sewers	15
Steam Heat Utilities	2
Specialized Carriers—Microwave	1
Pipelines	6
Commercial Air Operators	948
Charter-Party Carriers, Certificated	259
Charter-Party Carriers, Permits	838
Passenger Stages	250
Highway Common Carriers, Certificated	8,565
Cement Carriers, Certificated	178
Car Loading Companies	1
Freight Forwarders (except by air)	35
Express Corporations	14
Railroads	33
Inland Passenger Water Carriers, Certificated	13
Inland Water-Carriers, For-Hire	365
Vessels, Freight, Certificated	2

Permits in force, June 30, 1983 (Highway contract carriers, cement contract carriers, household goods carriers, dump truck carriers, livestock carriers, heavy specialized carriers, agricultural carriers, tank truck carriers, vacuum truck carriers, and seasonal agricultural and livestock carriers.) 37,234
These permits are held by 22,501 for-hire truck operators.

78653-765 10/84 LM OSP LDA

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Advisor

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Commissioner

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Advisor

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